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NATIONAL INDUSTRIAL CONFERENCE BOARD, INC.

The New Reserve Act—Summer 1956

How will company practices concerning military leave be affected? This survey of thirty-six companies gives some pointers

THE RESERVE FORCES ACT of 1955[1] is now almost a year old, but its real impact upon industry is just about to be felt. This summer will probably find more thought being given to company military-leave plans than in any year since the outbreak of the Korean emergency.

From the standpoint of employers, the act contains two important new features:

- It makes reserve training compulsory and authorizes penalties—including forty-five days of active duty for training—for failure to fulfill annual training requirements. Previously, reserve training, although required, was unenforced. Companies could regard such service as virtually voluntary and feel little moral obligation to ease their employees' service burden, although most of them did allow leave for training in addition to vacation time.[2] But now, with participation in a reserve training program mandatory, companies may feel a greater obligation to cooperate by adjusting their work schedules and leave programs to conform to the new law.

- The new law allows six months of "active duty for training" (plus seven and one-half years in the Ready Reserve) as an alternative to the previous two years of active duty. It also allows companies to request that employees in critical jobs or those having essential skills be assigned to a special program which will enable them to complete their active service and, perhaps, even their reserve training obligations in as little as three to six months.

For employers both of these features of the new act mean that, even though fewer employees will be lost to the military for years at a time, companies will be sharing the services of their men with the military over longer periods—through periodic drills and training leaves. For the younger employees, although vacation schedules may have been the primary seasonal preoccupation in the "good old summertime," this year, and for some summers to come, GI variety sun tans will compete with the beaches as a basis for claiming time-off-from-work privileges.

THE "SMART" PLAN

After a somewhat lengthy initial period during which many aspects of the new law were inadequately defined and poorly publicized, efforts are now being made to explain the provisions of the act and to "sell" industry on backing it.

The District of Columbia Military District Headquarters recently sent out letters to employers in connection with Military Reserve Week (April 22-28) urging them to back the six-month training program, which has been dubbed SMART. The letter describes the program as a means of ensuring draft-proof employees later. It explains that under the new reserve-training program, a college man who has completed his six months' training as a teenager and continues to fulfill his reservist training obligations, can move immediately from graduation to employment without threat of being drafted. Here is the letter:

Dear Mr. Businessman:

How many times have you, as an employer, asked a likely looking job prospect, "What's your draft status?"

And how often has the young man responded, "I'm 1-A, but they haven't called me yet."

In the past, an employer usually had two alternatives: Hire the draft-eligible youth, knowing that from then until he's twenty-seven he could be called from the job for two years of full-time service; or reject him, reflecting on the investment in time and money that may not pay off in progressive job efficiency and productivity.

Now there's another alternative, established last August by the Reserve Forces Act of 1955. It's called "Six Months Active Reserve Training."

Briefly, the SMART plan works this way: Youths between seventeen and eighteen and one-half may enlist in local Army Reserve units, attend weekly two-hour drills until finishing high school, then serve six months of full-time duty at Army training centers. Thereafter, they are draft deferred as long as they attend weekly training sessions and annual two-week summer encampments with their units until they complete the eight-year enlistment period.

To the employer, widespread participation of teenagers in the program may afford these advantages:

Young job prospects who can stay on the job.

Career-conscious young men who have planned for

[1] Public Law 305, 84th Congress, signed by President Eisenhower August 9, 1955.

[2] See "Personnel Practices in Factory and Office," *Studies in Personnel Policy*, No. 145, Tables 79 and 251.

the future in order to eliminate possible interruption of job progress, education, or marriage.

College men who can move immediately from graduation to employment.

Men who have taken the first step from family dependence to individual independence.

Military Reserve Week, sponsored by a committee of business and civic leaders like yourself, is designed to focus the attention of the public on this new kind of military service. During the nationwide information campaign, I would appreciate your consideration of the employer's stake in the SMART plan for the youth of our community.

The Impact on Industry

The new Reserve Forces Act provides several advantages to industry.

- The short terms of active duty for training assure the company of earlier and more constant availability of personnel, particularly those with special skills and training.
- The system of screening units and members of the Ready Reserve is a further attempt to guarantee that critically skilled manpower will not be monopolized by the military but will be shared with essential defense industries.
- In clearly defining the status of Ready Reserve and Standby Reserve, the company is given a better understanding of its employees' military obligations. They know what service periods are required of those in the Ready Reserve. And they can anticipate, in advance of any emergency, which employees are liable for mobilization and which will remain on the job.

There are, of course, certain inconveniences along with these advantages. What companies must recognize now—and even more so in the future—is the fact that more and more employees will be serving time in Ready Reserve training units. Satisfactory participation in Ready Reserve training, aside from the National Guard, usually calls for forty-eight weekly drills and a maximum of seventeen days' active duty for training annually. An alternative to this is a total of thirty consecutive days of active duty for training annually.

The forty-eight separate drills can, however, be combined. Some units are now using week-end multiple drills, which are equivalent to four separate drills. In addition to these multiple drills, Ready Reservists who through distance, geography or occupation are prevented from fulfilling the forty-eight-drill program may supplement the obligation with correspondence courses or the afore-mentioned thirty-day tour of training duty.

These various alternatives allow the company to adopt a leave program that is advantageous to its own work schedule. For instance, a company might decide to adopt a thirty-day annual leave instead of the seventeen-day minimum allowance because its work schedule and shift arrangements make it more convenient to have the employee away from his job for one thirty-day stretch rather than have his weekly schedule repeatedly interrupted by drill periods or have to transfer employees from one shift to another.

Also any company that does not make it convenient for an employee to fulfill his Ready Reserve training requirement runs the risk of losing him for an even

Reserve Forces Act of 1955

The new act extensively liberalizes the alternatives available to young men in fulfilling their military obligations. In many respects, however, these mark no radical change from the military service requirements as industry has known them and lived with them since World War II. For instance, if a young man is drafted, volunteers or enlists in the service branch of his choice, he will serve from two to four years of active duty. And he may be required, upon completion of such active duty, to serve in the Ready Reserve or Standby Reserve until he has achieved a total of six years' service.

For the first time the act clearly defines these two basic units of our military defense. It provides for: (1) A *Ready Reserve* of organized and trained individuals and units, including the National Guard and Air National Guard, that are subject to drills and call to immediate active duty in case a national emergency is declared by the President. (2) A *Standby Reserve* of nonorganized personnel to be mobilized only in the event of war or a national emergency declared by Congress.

The clear-cut distinction between the two is important. Satisfactory participation in Ready Reserve training, aside from the National Guard, usually calls for forty-eight weekly drills and a maximum of seventeen days' active duty for training annually. The Standby Reserve, made up for the most part of men who have already fulfilled their active duty or reserve-training obligations, entails no compulsory annual drill or training schedules.

Short Active-Duty Terms

The most notable innovations occur in the short-term alternatives to active duty. These allow from three to six months of "active duty for training." They are of particular interest to industry because: (1) The limited active-duty aspects are designed to attract large groups of men and may ultimately represent a sizable employee group. (2) While the length of active training is short, the reserve periods are extensive, and company duty will compete with military duty over a longer period of time. And (3) the "essential industry"

(Box continued on next page)

Reserve Forces Act of 1955—continued

and "special skills" qualifications attached to some members of this group will affect employees who are of particular value to industry—and, perhaps, also, to the military.

This general category will include those draft-eligible young men who before reaching the age of eighteen and one-half either enlist in the National Guard or volunteer for six months' active duty for training. Those who choose the program of Ready Reserve service only —such as the National Guard—with no allowance for an extended period of active duty or active duty for training may be required to attend weekly drills and summer encampments until the age of twenty-eight. (This total service obligation can, however, be reduced to eight years at any time if the individual volunteers for three to six months of active duty for training.)

Young men who, prior to reaching eighteen and one-half, volunteer for six months of active duty for training will spend seven and one-half years in the Ready Reserve for a total service obligation of eight years.

The new act also makes special provision for employee-soldiers who are located in vital industries or have certain specialized skills. Under Executive Order No. 10,650[1] they are eligible to apply for a special training program that allows from three to six months of active duty for training, to be followed by seven and one-half years in the Standby Reserve—the classification that carries no compulsory annual training. However, if their special talents also amount to vital military skills, the time may have to be served in the Ready Reserve.

The status of these people (as well as that of anyone else in the Ready Reserve) will hinge upon a continuous screening program maintained by each branch of the service. Aside from the primary purpose of insuring the distribution of available military skills in the Ready Reserve, the screening offers assurance to industry that men with critical civilian skills will not sweat out their service in a nonessential military job.

The continuous screening process applies on two levels. Those who seek to enter the short-term active-duty-for-training program are screened as to essential activities and occupations, according to the list given in the footnote.[2] A second list (not reproduced) is also used to screen members of the Ready Reserve into the Standby Reserve and vice versa.

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[1] Executive Order No. 10,650 "Prescribing Regulations Governing the Selection of Certain Persons Who Have Critical Skills for Enlistment in Units of the Ready Reserve of the Armed Forces," states: "Local Boards are authorized to select for enlistment in the Ready Reserve . . . registrants . . . who have critical skills and are engaged in civilian occupations in any critical defense-supporting industry or in any research activity affecting national defense. Such selection shall be for enlistment in units of the Ready Reserve of an Armed Force conducting an approved three to six months' active-duty-for-training program, which units are designated for this purpose by the Secretary of Defense. . . ."

[2] Department of Labor lists of currently essential activities and currently critical occupations, as modified by the Office of Defense Mobilization to govern entry into the six-month active-duty-for-training program by persons with critical skills in defense-supporting industry.

OCCUPATIONS

Chemist*
Clinical psychologist
Die setter
Engineer draftsman, design
Engineer professional (all branches)
Foreman (critical occupations only)
Geologist
Geophysicist
Glass blower, laboratory apparatus
Jig-and-template maker
Mathematician*
Microbiologist* (includes bacteriologist)
Nurse, professional
Orthopedic appliance and limb technician
Osteopath
Parasitologist (plant or animal)*
Patternmaker
Pharmacologist*
Physicist*
Physiologist (medical)*
Teacher, college and vocational (critical occupations only)
Teacher, high school (mathematics and physical and biological sciences only)
Tool and die designer
Tool and die maker

ACTIVITIES

1. Production and maintenance of aircraft and parts—production, maintenance, and repair of military aircraft and component parts.
2. Ship and boat engineering—engineering and design of ships and boats and their components for military purposes.
3. Ordnance—production and maintenance of weapons (including nuclear weapons and guided missiles) and component parts.
4. Precision laboratory instruments, apparatus, and scientific laboratory glassware—production of complex or custom-blown scientific and technical and laboratory glassware. Production of precision laboratory instruments such as analytical balances, centrifuges, spectographs, spectrophotometers, microtomes, pH instruments, galvanometers, potentiometric devices, etc.
5. Production of electronic and communication equipment —production of electronic and communication equipment for military use.
6. Production of chemical and allied products—production of materials specifically used in propellants for launched or guided missiles, aircraft, armament rockets, and similar weapons, as well as the processing of the materials into propellants, exclusive of conventional fuels. Production of high temperature resins and other chemicals used specifically in the production of launched or guided missiles, aircraft, armament rockets, and similar weapons.
7. Water and sewerage systems—operation of water and sewerage systems.
8. Health and welfare services—personal medical, dental and nursing services; hospitals; public health services.
9. Educational services—colleges and vocational schools and high school instruction in mathematics and the physical and biological sciences.
10. Research and development services—basic and applied research, exploration and development projects, including process development, of direct concern to the national health, safety, or interest.

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*Limited to those having graduate degrees (master's or doctor's) or equivalent experience, education and training (generally considered not less than one year beyond the bachelor degree level).

longer period of time—the forty-five-day penalty training for failure to fulfill the regular annual obligation.

Company Plans

In order to get some idea of what companies might be doing to adjust their present military-leave practices to the provisions of the new law, The Conference Board made an informal survey of thirty-six leading companies in a variety of industrial classifications. The results would indicate that a cautious "look-see" attitude still prevails. Only eight of the companies have already made specific changes in their military-leave programs.

Some of the companies feel they can bide their time for a couple of years, believing that the full impact of the law will not be felt until the summer of 1957 when the men now serving two years' active duty will be mustered out into reserve status and go back into industry. Others feel that their present summer-leave allowances are broad enough to cover the immediate situation, if only on a temporary basis. This attitude is summed up by the spokesman of one company who says, "In discussing this problem with our veterans' counselor and other people, we find that no changes in our present policy are contemplated. The consensus seems to be 'wait and see.'"

However, most of the thirty-six companies that have not already made definite changes suspect that the law will have further impact on their personnel. And they indicate that they are contemplating early changes. In general, they concur with the spokesman of a large chemical company who candidly admits, "We have been giving considerable study to the situation for the last few months, but frankly we haven't come up with anything definite as yet." Some have made revisions that are admittedly tentative.

Summer Leaves

All thirty-six companies allow time off for summer military leave in addition to the regular vacation allowance. Twelve companies allow the leave without pay. One allows full pay for a two-week period of reserve training, but if the time extends beyond that the employee's vacation allowance is applied. Nineteen companies now pay the difference between the employee's regular pay and his military pay while he's on leave. The motivation behind this is usually to make sure that the employee does not "suffer any loss in earnings" for the period, or a portion of the period. The company's computation of military pay usually includes allowances for quarters, subsistence, flight pay and longevity pay.

Of the remaining four companies, one allows ten days of half pay with no ceiling on the leave time allowed. Three distinguish between certain groups of employees. One pays the difference in pay to employees in the National Guard but nothing to those in other reserve units. One allows full pay to its exempt employees but nothing to its nonexempt. Another pays the difference in pay to its regular hourly and salaried employees but nothing to those on piecework.

Nine of the thirty-six companies set no limit on the amount of time allowed for leave. Sixteen at present allow two weeks' leave (ten of these allow for some form of compensation). And the remaining companies allow from fifteen days to forty-five days—the new penalty period already referred to.

The longest leave period with compensation occurs in three companies that allow the difference between military and company pay for up to three weeks' leave. All of the companies contacted that allow unlimited or extended periods of leave as well as some form of partial compensation do set a limit on the length of time for which the employees will be paid. And all of the companies that do not provide for supplementary compensation do allow the employee the alternative of applying all or a portion of his vacation time and pay to the period he is on training leave.

While all of the companies recognize the obligation to extend the leave allowance to conform to the new requirements of the act, few indicate that they plan to liberalize or extend their present leave-pay programs. And none of those that do intend to liberalize their programs say that they plan to pay beyond the seventeen-day minimum training period.

One of these, a large insurance company, states:

> "Under the Reserve Forces Act of 1955, reservists are required to participate in active-duty training up to seventeen days each year. Depending upon the day of the week on which the leave starts, the leave could comprise thirteen working days. Under our present rule, salary is paid for only ten working days. Our present rule will be changed to provide for the payment of salary for the first thirteen working days covered by the leave. No change will be made in the rule making it mandatory for employees to apply vacation in excess of two weeks to a military leave of absence that extends beyond two weeks (thirteen working days)."

Two companies that have not made definite changes in their plans as yet did express their current thinking on the subject. A large electrical products company writes:

> "We have made no final decision but we doubt that we will extend our summer military leave policy to cover thirty days' annual active duty, inasmuch as employees may avoid this by participating in weekly drills.
>
> "We certainly will not extend our make-up pay policy beyond the seventeen-day provision of the act.
>
> "Two weeks' vacation plus four weeks' military duty could result in serious dislocations in our various operations. In addition, the cost could become extremely burdensome when we reach the point where substantial numbers of employees have Reserve Forces training obligations."

(Continued on page 216)

Disability Pensions

This survey of disability pensions in the United States covers their ups and downs from the Twenties to the present. Their incidence today, how pensions are computed, and eligibility requirements are all covered

IN THE PAST few months the United States Senate has been debating whether to provide Social Security benefits at age fifty to covered employees who became totally and permanently disabled. Whatever the outcome, the hearings have focused attention again on the basic question of income security when a breadwinner is so severely disabled that he is not likely to find gainful employment. There is little argument about the disastrous effect of long-term disability on the pocketbook of most families. But the Congressional hearings indicate that any governmental solution to the problem is likely to be complex, costly and controversial.

At the present time, employees who are completely disabled by work-connected injuries are protected in varying degrees by employer-financed workmen's compensation systems. But only 5% of all permanent and total disability cases are of work-connected origin.[1] Therefore, most employees in private industry who become totally and permanently disabled must look primarily to state public assistance programs for income maintenance.

However, as part of the general concern with fringe benefits, many private employers have tackled the problem of income security for the totally disabled employee, especially the long-service one. And a number of company welfare benefits are being used to provide long-term disability income. For instance, deferred profit-sharing plans and the new "thrift" plans can provide sizable lump-sum benefits. Also, many group life insurance plans pay off the face value of the policy in monthly installments to a disabled employee. A few companies provide benefits similar to paid sick leave for long-term disability; these benefits may be self-funded or "pay as you go," but only rarely are they insured.

A completely disabled employee can also receive income from two provisions commonly found in company pension plans. These are early retirement and vested benefits. However, neither benefit is designed specifically to meet the problem of total and permanent disability. Although disability may be the reason for an employee taking advantage of these provisions, it is not the only condition which allows the payment of benefits. Actually, only a very few vested plans are structured so that the disabled employee can receive benefits from the onset of disability. Almost all vested plans begin payment only at the normal retirement age or, in some cases, at the early retirement age—regardless of when the disability occurs. Although early retirement provisions are quite common, most of these benefits are "actuarial equivalents" of the accrued pension. This equivalent is much smaller than the normal benefit because it must reflect the fact that less money than planned is available for a pension, and this smaller sum must be spread out over the extra years to sixty-five.

THE MAJOR FINDINGS

By far the most important development in company aid to the totally and permanently disabled employee is the "disability pension." Although, like vesting and early retirement, it is an integral part of the age-retirement plan, this pension is specifically and solely designed to provide benefits for long-term disability. All disability pensions provide benefits from the date of disability; and they are not available to an employee who is not disabled.

This article is concerned with the development and distinguishing features of disability pensions. It is based (1) on an examination of thirteen major pension studies made since 1925 which include more or less detailed information on disability pensions, and (2) on a recent Conference Board study of pension plans.

The major findings of this analysis can be summarized as follows:

- Although disability benefits were practically universal in pre-Depression pension plans, they steadily lost favor after the Depression—until the union pension movement gained momentum at the beginning of this decade. At the present time about two-thirds of the bargained pension plans—but only one-quarter of unilateral plans—contain a disability pension provision. However, when bargained and nonbargained plans are combined, only about one-quarter of the pension plans in the United States have disability provisions.
- Although a minority of all pension plans have a disability provision, the *majority of workers* cov-

[1] "Permanent and Total Disability Insurance," a Report to the Senate Committee on Finance from the Advisory Council on Social Security, Senate Document No. 162, 80th Congress, 2nd Session, 1948. This group recommended the inclusion of disability benefits in the Social Security Act.

ered by pension plans probably are covered by disability provisions.

- The union demand for disability pensions apparently has brought two major changes in the eligibility requirements for a disability benefit. An age requirement has become more common. And the average length of service needed to qualify has increased from roughly twelve years, prior to 1950, to seventeen or eighteen years today.

- The vast bulk of disability plans define total and permanent disability as the "inability to do *any* kind of work for remuneration or profit." But in about 15% of the plans, the primary emphasis is on inability to handle work in the *company;* ability to find work outside the company is more or less ignored.

- Despite the important role of unions in the adoption of disability pensions, they do not play a significant part in decisions concerning the extent of an employee's disability.

- Three basic methods of computing the disability benefit are common: (1) The actuarial equivalent of the accrued normal pension is given. OASI benefits are added at sixty-five. In this case, generally, there is no specified minimum pension. (2) The normal pension formula is used to compute the pension. OASI benefits are added at sixty-five. In most cases a minimum benefit is specified. (3) A special disability benefit is used which is larger than the normal formula, but the pension is recomputed at sixty-five using the normal formula. OASI benefits take the place of the cut in the company pension at sixty-five. About half of these special disability formulas include a minimum.

- Fifty dollars is by far the most common minimum monthly benefit specified in three recent studies.

- Only eighteen of fifty-three recent disability pensions mention the possibility of a federal disability benefit as part of Social Security. All eighteen are bargained and all provide that in the event that a federal disability benefit is provided, it will be subtracted from the company disability pension.

HISTORICAL DEVELOPMENT

Prior to the Depression, monthly pensions for a totally and permanently disabled employee were a common characteristic of private pension plans in this country. A Conference Board study *(1)* of the 221 formal plans in existence in 1925 found that 89% provided a disability pension.[1] In 1929, an analysis of all plans in operation at that time found that about three-fourths gave benefits for "incapacity" retirement *(2)*.

The Depression produced basic qualitative changes in the private pension movement. One of them was a shift from "pay as you go" plans to funded plans. In the great majority of these post-Depression plans, funding was done by purchasing group annuities from an insurance company. But insurance companies, then and now, were reluctant to insure the total and permanent disability risk. This is generally viewed as the basic reason why the disability pension lost ground as a feature of private pension plans. The findings of the following studies illustrate the decline of disability pensions as a feature of American pension plans from the late Twenties to the late Forties.

- An analysis of sixty-nine plans installed during 1929-32 found only 40% with a disability pension *(2)*.

- Only 11% of 347 plans established or revised during 1932-38 provided benefits for incapacity retirement *(3)*.

- A Conference Board study of 182 plans in 1939 found that none of 169 group annuity plans had a disability pension but thirteen of eighteen trusteed plans did *(4)*.

- Similarly, a Conference Board study of 200 plans established or revised during the first two years of World War II included only ten plans, all self-insured, with a disability benefit *(5)*.

- Twenty-eight per cent of 275 plans studied in 1949 had disability provisions; apparently 80% of these disability pensions had been adopted since January, 1945. Only thirty of these eighty pensions were part of an insured plan *(6)*.

- A 1952 study of 491 plans found 25% with a disability pension compared to 14% in a comparable study done in 1948 *(9)*.

It will be noted that the last two studies mentioned, which cover the end of this period, indicate a reversal of the trend away from disability pensions. Undoubtedly this was due primarily to the new element added in 1949—the union pension drive. Disability pensions were a common demand in negotiations. Today, they are a common feature of negotiated plans, while only a minority of unilateral plans have disability pensions. Consider these data:

- A study of plans established or amended in 1948-49 and early 1950 found that nine of the eleven negotiated plans analyzed contained a disability pension; apparently none of the 217 unilateral plans made this provision *(7)*.

- Similar results were obtained in an analysis of plans established or amended during 1950-52. All but thirteen of the ninety-seven negotiated "pattern" plans contained a disability pension. Only 26% of 217 "conventional" plans, some of them bargained, did so *(8)*.

- Over two-thirds of 300 negotiated pensions analyzed in 1952 included disability pensions *(10)*.

- Analysis of 327 plans in a 1954 Conference

[1] The numbers in parentheses refer to the references on page 219.

Board study *(11, 12)* indicates that 61% of the negotiated plans have disability pensions but only 27% of the nonbargained plans include them (see Table 1).

In other words, one of the few important differences remaining between bargained and nonbargained plans is the relative prevalence of disability pensions in the former group. At the present time about two-thirds of bargained plans but only about one-quarter of unilateral plans provide a disability pension.

Another factor which is related to the prevalence of disability pensions is the size of the company. As might be expected, disability pensions tend to increase in number as the size of the company increases. This is true of negotiated plans and unilateral plans. However, in any given size class, negotiated plans are much more likely to have disability provisions than nonbargained plans (see Table 1).

The fact that larger companies are more apt to have disability pensions leads to an important conclusion: although a minority of pension plans have disability provisions, the majority of workers covered by pension plans probably are covered by disability pensions. For example, recent Conference Board data *(11, 12)* indicate that although only 45% of the 327 plans analyzed have disability pensions, roughly two-thirds of the employees covered by the study are in such plans.

AGE AND SERVICE REQUIREMENTS

Before an employee is considered for a disability pension, he usually must meet an age or service requirement or some combination of both. Probably less than 10% of disability plans do not have either of these requirements (see Table 2).

Today, as in the past, better than 90% of disability pensions have a service requirement. However, an age requirement has been important only in recent years. The data in Table 2 imply that prior to union interest in disability benefits, an age requirement was relatively uncommon. But in recent years, somewhere between one-third and one-half of the disability pensions stipulate age, either alone or in combination with service.

But despite the increased importance of an age requirement, the most common form of eligibility continues to be one which specifies only service. Roughly one-half to two-thirds of disability pensions have only a service requirement. A combination of service and age is required in about one-third of current plans, compared with 10% of the plans studied prior to the union pension drive. Probably less than 5% of disability pensions, currently and historically, have age as the sole eligibility requirement (see Table 2).

Plans that do have an age requirement are about evenly divided between those that specify age fifty and those that specify fifty-five. The age is higher in only a few current plans, although in 1929 nearly 85% with an age requirement specified sixty or sixty-five.

The most common service requirement is fifteen years; this is found in roughly two-thirds of current plans that specify service. Relatively few plans, either today or in the past, call for less than ten or more than twenty years' service. The most noticeable change in the service requirement again coincides roughly with the union pension movement. Prior to this, ten, fifteen

Table 2: Prevalence of Age and Service Requirements for Disability Pensions

Age and Service Requirements	Per Cent of Plans, by Year							
	*(13)** 1956	*(11)* 1954	*(10)* 1952	*(9)* 1952	*(8)* 1952	*(6)* 1949	*(3)* 1939	*(2)* 1929
No. of plans analyzed	*74*	*120*	*207*	*119*	*128*	*80*	*38*	*301*
Service only	53%	54%	63%	58%	43%	50%	89%	79%
Age & service	39	36	35	29	50	8	3	7
Age only	8	4	—	—	—	9	—	—
Neither	—	6	2	13	7	33	8	14
Total with:								
Service requirement	92%	90%	98%	87%	93%	58%	92%	96%
Age requirement	47	40	35	29	50	17	3	7

* Numbers in parentheses refer to sources listed on page 219.

Table 1: Prevalence of Disability Pensions, by Size and Bargaining Status, 1954

Size Class of Company	All Plans: Total	All Plans: With Disability Provision No.	All Plans: With Disability Provision %	Negotiated Plans: Total	Negotiated Plans: With Disability Provision No.	Negotiated Plans: With Disability Provision %	Unilateral Plans: Total	Unilateral Plans: With Disability Provision No.	Unilateral Plans: With Disability Provision %
Under 1,000	85	22	26%	37	11	30%	48	11	23%
1,000-4,999	128	54	42	60	37	62	68	17	25
5,000-9,999	46	22	48	24	17	71	22	5	23
10,000 and over	68	48	71	47	38	81	21	10	48
Total	327	146	45	168	103	61	159	43	27

Source: Derived from "Retirement of Employees," *Studies in Personnel Policy*, No. 148, National Industrial Conference Board, 1954.

and twenty years' service were distributed about equally (30%) among the various service requirements. The union pattern apparently has focused on fifteen years' service, thus cutting down the incidence of ten and twenty years' service (see Table 3).

Table 3: Age and Service Requirements for Disability Pensions

Age and Service Requirements	Per Cent of Plans, by Year						
	(13)* 1956	(11) 1954	(10) 1952	(9) 1952	(6) 1949	(3) 1939	(2) 1929
Service Requirements							
No. of plans	*60*	*108*	*200*	*87*	*47*	*35*	*260*
5 years & under	—%	2%	8%	—%	6%	3%	4%
10 years	17	21	12	22	30	37	24
15 years	70	58	59	54	36	31	32
20 years	10	12	13	16	24	17	22
25 & 30 years	3	7	8	8	4	12	18
Age Requirements							
No. of plans	*27*	*48*	*70*	*18*	*13*	*1*	*19*
Age 45	—%	—%	6%	—%	8%	—%	—%
50	48	50	27	67	8	—	11
55	52	44	47	33	84	—	5
60	—	6	19	—	—	—	42
65	—	—	1	—	—	—	42

* Numbers in parentheses refer to sources listed on page 219.

What have these shifts in eligibility requirements meant to an employee? For example, does a newly hired thirty-year-old employee have to work longer now than he previously did to be eligible for disability benefits? How many years does he have to put in today to be protected?

Some answer to this type of question can be obtained by changing the variety of eligibility requirements into length-of-service equivalents. For example, a plan specifying age forty-five and ten years' service would be equivalent to fifteen years' service for a thirty-year-old employee, since it would take that long to meet *both* requirements.

This has been done for the eight studies shown in Table 4. The data indicate that at anytime during the quarter-century shown in the table, better than 85% of the plans would require a thirty-year-old employee to work somewhere between ten and twenty-five years before he would be considered for a disability pension. Furthermore the data imply that the service needed his increased since unions began to bargain disability pensions. Prior to 1950, a thirty-year-old employee needed, on the average, about twelve years of service for disability benefits; currently the average seems to be seventeen or eighteen years.

DEFINITION OF TOTAL DISABILITY

Even though a disabled employee meets the age and service requirements for a disability pension, he must also prove that his disability is serious enough to warrant this type of benefit. Of course, the general objective of a disability pension is to provide benefits only for "total and permanent" disability. But the definition of "total and permanent" varies from company to company. And in some companies, it varies from case to case.

Table 4: Number of Years Needed for New Employee, Age Thirty, to Qualify for Disability Pension

Years Needed for Disability Pension	Per Cent of Plans, by Year							
	(13)* 1956	(11) 1954	(10) 1952	(9) 1952	(8) 1952	(6) 1949	(3) 1939	(2) 1929
No. of plans analyzed	*66*	*120*	*205*	*103*	*128*	*80*	*38*	*301*
No service or age required	—%	6%	2%	16%	7%	32%	8%	14%
1 year	—	1	3	—	—	—	3	—
5	—	1	2	—	—	3	—	3
10	15	17	10	18	—	16	34	20
15	40	30	41	28	43	20	31	26
20	24	24	14	25	30	14	16	18
25	21	18	21	13	20	15	8	11
30	—	3	6	—	—	—	—	5
35	—	—	1	—	—	—	—	3
Average years needed	17.6	16.6	17.2	14.4	17.4	11.3	13.3	12.3
Average age	48	47	47	44	47	41	43	42

* Numbers in parentheses refer to sources listed on page 219.

A recent Conference Board study[1] indicates that most companies with disability pensions have a written definition for the term "total and permanent disability." Only 15% of 146 companies apparently have no standard definition; it may vary from case to case in these companies.

Among the companies with a specific definition, there are two basic concepts of what constitutes total and permanent disability. As a result, disability pensions are used to fulfill two quite different objectives. In all but twenty-one of these 125 plans, an employee must be unable to do *any kind* of work—either in the company or in the labor market generally. (Three plans even require the employee to be confined to his home.) In these companies the disability benefit obviously is used only for a disabled employee who has little chance of finding gainful employment anywhere in the labor market.

But the other twenty-one plans apparently are less concerned with the possibility that the employee can find work outside the company. Here the primary emphasis is on the fact that the long-service employee is no longer able to handle work *in the company*. The

(Continued on page 218)

[1] This section is based on the Board's study, "Retirement of Employees" (*11*). None of the other sources listed on page 219 provide adequate quantitative data except the Princeton study (*13*) of seventy-four plans, the results of which are essentially the same as those in the Board's study.

More Ideas Via Attitude Surveys

This article suggests methods that tend to increase the quantity and quality of employee responses on attitude surveys

TWO KINDS of information ordinarily are obtained from employee attitude surveys. Quantitative data are derived from the items that are answered by check marks; qualitative data come from the write-in responses. Illustrations of the two types of information will serve to clarify these statements.

Eighty or ninety per cent of the usual written survey consists of questions with a choice of prepared responses. Here is a sample:

In general, how do you feel about your present job?

- ☐ Like it very much
- ☐ Like it
- ☐ It's just another job
- ☐ Dislike it
- ☐ Dislike it very much

The employee is asked to check the box which most nearly expresses his opinion on the subject. Then it is a simple matter for the company to tabulate the responses and to compute the per cent choosing each. There are as many as one hundred of these multiple-choice questions in some surveys, and each is processed in this way. It is obvious that the company obtains a wealth of objective, quantitative information from tabulated results.

But this statistical approach, valuable as it may be, does not fully satisfy some survey specialists and some company executives. They ask for "meat on the bones." They want a picture that "breathes."

This is where the qualitative side comes in. A page or part of a page is reserved for the employee's comments. This section, usually placed at the end of the survey, is virtually unstructured. That is, the employee is invited to use it in any way he sees fit. He may comment at length on some company matter of special interest to him. He may offer bouquets to management. Or he may throw brickbats.

Many of the employees' comments, expressed in their own words, make colorful reading. Even ungrouped and unclassified, they usually are of great interest to management. Also, they give helpful insights into the thinking of the employees.

Significance of Grouped Comments

To fully capitalize on the value of the comments it is common practice to group them by units or departments. Groupings by subject matter may be made,

A Criticism and an Answer

A criticism of employee attitude surveys is that they circumvent the supervisor. The argument goes like this: If the worker has anything on his mind, he should take it up with his immediate supervisor. It is bad organization to invite him to go around his supervisor and present his ideas directly to management. Yet this is precisely what is done in making an attitude survey.

Survey specialists must plead guilty to this charge. They *do* invite communications on any subject and promise delivery "right to the top." Their explanation follows.

Ordinarily, of course, the worker *should* go to his supervisor with his suggestions and problems. Everyone agrees that this is a sound rule to follow. But there are exceptions to any rule, and there seem to be more than the usual number of exceptions in this instance.

Research studies among large groups of employees show that approximately half feel free to discuss all job matters with their supervisors. The other half, however, do not feel completely free. Here are some reasons advanced by individual employees:

"If I offered a criticism, he would hold it against me."

"He wouldn't pass my complaint up to the proper person who could do something about it."

"He would give his side of the story and management would back him up, so I'd just be wasting my time and breath."

"My boss and I don't see eye to eye on a number of things but I can't tell him that. It's too personal."

An anonymous attitude survey makes it possible for an employee to pass on things that are "too personal," without the hazards of embarrassment or retribution. Also, through a survey, a worker can tell management how he feels about different company policies and practices. There is considerable value from management's point of view in getting these reactions directly. If transmitted up the line through several echelons, they almost surely will lose color and sharpness.

Those who advocate employee attitude surveys hope that this position will be understood and accepted by supervisors. If it is, then supervisors will willingly be by-passed so that their companies may profit from direct communications with their employees.

too. How many of the employees, for example, request more liberal smoking privileges? How many take the trouble to say a good word about their supervisors? How many of the plant workers speak of the need for a better ventilating system? When comments are grouped in this way, the need for remedial action often becomes apparent, as well as good suggestions that have the backing of a number of employees.

There may be still another major value in offering each employee an opportunity to contribute his ideas and comments. Management is saying to him, in effect: "You are a part of this organization. We want to hear from you. Your thoughts are important to us, and we will consider your suggestions carefully." Job interest and morale are developed through this type of participation. Even the employee who merely has been given the opportunity to blow off steam may be helped.

Procedure at GMAC

For ten years, General Motors has had a staff section which makes attitude surveys for any of the company's divisions that wants such studies. Three studies have been made in the past years for the General Motors Acceptance Corporation. In the third and most recent survey, GMAC has gone all out to enlist the active participation of the employees. Special efforts were made to obtain write-in comments, with several opportunities provided for this purpose. In addition, extra space was allowed after each question so that the employee could explain or elaborate upon his answers. To stimulate participation, such phrases as these were used:

> For instance . . .
>
> Other comments, questions . . .
>
> Anything else you would like to say about this . . .

Finally, GMAC included two separate ruled sheets with each survey form, which are reproduced here. "Pipeline to Management" invites the employee to communicate directly with the home office of the subsidiary. The other form, entitled "Just in case you have something else to say later," is addressed to the director of the employee-research section of the corporation. This form, when folded twice and sealed, is ready for the mails. It may be sent in with the rest of the attitude survey, or mailed any time thereafter.

A few years ago, General Motors conducted an essay contest for its employees, entitled "My Job Contest." Some 175,000 workers participated. The company felt it learned much of value from what the employees wrote. And although the present survey is quite different from the "My Job Contest," similar good results are anticipated by the company.

Stephen Habbe
Division of Personnel Administration

These two forms, which are described in the text above, are 5½ by 8 inches and 8 by 11 inches, respectively.

PIPELINE to MANAGEMENT . . . .

Since no one in GMAC will see your questionnaire, this separate page has been inserted for you to use in case you have any comments or suggestions you would like to make directly to GMAC Home Office Management. We will remove this sheet from your questionnaire and send it to the New York Office.

GM EMPLOYEE RESEARCH

Name________
(Sign or not as you wish)*
Address________

*If you'd like a personal reply, be sure to give your name and address at which you would like to receive a reply.

JUST IN CASE . . . . YOU have something else to say later . . . .

In case you wish a personal reply -

Date________

Your name________

Home address________

► Just fold, seal flap and mail. No postage needed. ◄

Patent Agreements in Union Contracts

A PATENT is a contract between the Federal Government and an inventor. The inventor gives a detailed and accurate description of his invention to the government. In return, the government grants the inventor a seventeen-year monopoly in the use of the invention.

In most matters, the legal theory of patents is similar to that of copyright. The government guarantees the holder of a copyright or a patent the monopolistic right to exploit a particular piece of work for a definite period of time. There is, however, one important difference between copyright law and patent law. And it is this difference that gives rise to patent agreements between employers and employees.

Under copyright law, a person who is not the originator of the work may take out a copyright. This happens when a publisher copyrights the entire contents of a periodical or book. The author, having sold his work (either for wages if he is a staff employee or for a fee), renounces all control over his product. And the publisher is therefore free to take out the copyright. In this case, the employee sells the employer the ownership of the product *before* the copyright is applied for.

In patent law this is impossible. A person who is not the originator of the work cannot be granted a patent. Decisions of federal courts have established the principle that a patent can be granted only to the "true" inventor, and must be issued in his name whether or not he is an employee of another person. In several cases, patents applied for by employers have been denied because the employer was cited as the inventor in the application, when in fact an employee was the true inventor.

However, employers contend that they are entitled to the benefits of an employee's inventions since the employee is paid wages, works with company material and facilities, and is often employed for the purpose of making inventions.

Patent Agreements with Employees

In order to deal with the legal requirements of patents as outlined, most employers rely on a patent agreement with the employee. In these patent agreements, an employee guarantees to sign and to execute all documents necessary to assign the employer the right to benefit from an invention. Signing a patent agreement is often a condition of employment. When the employee makes a patentable invention, the patent application is drawn up in his name by the employer and the employee is registered as the true inventor. The patent agreement, however, assigns to the employer the right to any profits from the invention.

Of course this device is not necessary when the employer is the true inventor and the employee only works on the details of the employer's plan. This situation may exist in research laboratories where many different kinds of scientists and technicians work together. In this case, the employer may direct his employees to develop certain products, and then no individual employee is the inventor. In these cases, the employer often applies for his own patent since he is, in fact, entitled to it. For this reason, most patent agreements state that the employee is to execute all documents necessary to assign the benefit of an invention. And these documents may either be a patent application which names the employer or the employee as the inventor.

Penalties for No Agreement

What happens when an employer neglects to obtain a patent agreement from his employee? The following case, which was brought before a federal court in 1911 is an illustration.

A technician, employed by a large electrical goods manufacturer, was experimenting in an attempt to improve the quality of the electrodes in arc lamps. The technician had signed an agreement guaranteeing that he would assign all his rights to inventions to the company. His assistant, a chemist, had not signed such an agreement. The chemist was employed as a skilled workman rather than as a technician. Under the technician's direction, he mixed several different kinds of substances but none of them improved the material already used in the electrodes. However, working independently, this same chemist made a successful mixture.

The company prepared a patent application in the chemist's name, stating that the chemist had orally promised to assign all invention rights to the company. The chemist refused to sign the application and subsequently filed his own petition for a patent. The company contested the chemist's application and filed one in the supervising technician's name. A federal court held that the chemist was the true inventor. Therefore, the company could not prevent the chemist

from selling rights to the invention elsewhere nor could it prevent him from obtaining his own patent. Because of this, the company lost all rights to the invention.[1]

To prevent a similar loss of rights to inventions, employers generally insist that all employees involved in work leading to patentable ideas sign a patent agreement.

Patent Provisions in Union Contracts

Provisions covering the signing of patent agreements are frequently incorporated into union contracts. For instance, nine out of sixteen engineering union contracts recently analyzed by The Conference Board have provisions covering patents.[2] Patent provisions usually include one or more of the following: the nature of the patent agreement, the treatment of different types of inventions, the amounts to be paid to the inventor, the role of the union, and procedures for the settlement of patent disputes.

Engineers Keep Rights to Some Inventions

While usually agreeing that all rights to inventions which are the result of employment with a company should remain with the company, some union contracts attempt to differentiate between work done privately and work done for the company.

An eastern manufacturer's contract with the Engineers and Scientists of America, for example, provides for two categories of inventions: (1) those directly connected with the employer's business, and (2) those which are not. Under the patent clause in the union contract, inventions in the latter category "shall be and remain the property of the inventor," with the employer getting licensing rights at "a royalty rate no greater than that paid by any other licensee under the same patent." The union contract also provides that employer-employee disputes over such patents are to be referred to a mutually satisfactory patent attorney or other party for decisions.

This clause reads:

"For the purpose of this agreement, inventions of employees shall be classified as in-line or not-in-line. An in-line invention is one which is directly applicable to the employer's business. Any other invention is not-in-line. The employer shall decide whether an invention is in-line or not-in-line. In case of dispute, the question shall be referred for decision to a party satisfactory to the employer and inventor....

"The provisions of this article shall apply to all ideas, inventions and suggestions made by employees during the term of their employment and for one year thereafter in the case of in-line inventions, subject, however, to the rights of other employers for inventions made after the term of employment.

"Employees shall promptly disclose in writing to the employer all new inventions, ideas and suggestions whether in-line or not-in-line.

"Inventions not-in-line shall be and remain the property of the inventor provided, however, that if the employer shall elect within four months of the date of complete disclosure to bear the costs and expense of a patent application therefor and shall cause such application to be made, filed and prosecuted, within the time limited therefor by law, the employer shall receive a nonexclusive license under any such patent, irrevocable during the term of the patent, provided that it pay therefor to the inventor a royalty at no greater rate than that paid by any other licensee under the same patent. On the termination of employment, if the inventor or employer does not believe that the royalty rate is reasonable, at the request of either the inventor or employer, the question of whether or not such a rate is reasonable shall be referred to a mutually satisfactory patent attorney or other party for decision.

"The expense of the employer in procuring the said patent shall be offset against any royalties so earned by the inventor. Upon request of the inventor at any time after the expiration of the four-month period hereinabove referred to, the employer shall grant a release to the employee which shall be unconditional, except that, if the employer has exercised its option hereunder, said release shall be subject to the license hereinabove referred to.

"In-line inventions shall be the property of the employer and the inventor shall assign any such invention to the employer and execute any and all documents and take any and all action necessary or convenient to establish said property in the employer and to prosecute the granting of patents thereon or other action in connection therewith upon the employer's request and at the employer's expense. The employer shall pay to each of the inventors of any in-line invention, idea or suggestion for which the employer shall apply for patents, the sum of $25. If, however, the employer has not notified the inventor of its intention to file patent applications thereon within a reasonable time after request by the inventor, unless the patent attorney for the employer shall have advised the employee that in his opinion the invention is not patentable, the property in the invention shall revert to the inventor and the employer shall, upon request, grant a full and unconditional release thereof to such inventor, subject to a nonexclusive, irrevocable license to the employer."

Fixed Amount per Invention

The payment of a fixed amount for an invention is quite frequent in both unionized and nonunion firms. Nearly one-third of the forty-eight firms covered by a Conference Board study made in 1952 had a policy of granting employee inventors a fixed amount per invention. These amounts varied from the legal consideration of $1 to a high of $150.[1]

[1] For details on the case, see App. D.C. 1911, Ladoff V. Dempster, 36 Appeal, D.C. 520.

[2] These nine contracts cover 11,647 of the 32,225 engineers and technicians covered by the sixteen contracts.

[1] In The Conference Board survey of forty-eight large companies in regard to their patent policies, forty-three companies required some or all of their employees to sign a patent agreement as a condition of employment. All forty-three companies required their research and engineering employees to sign. See "Patent Policies for Employees," *Management Record*, August, 1952, p. 294.

The current RCA Victor contract with the Association of Professional Engineering Personnel grants \$100 to the sole inventor and a total of \$150 to joint inventors. This clause reads:

"Awards for patents: The sum of \$100 shall be paid to each employee named as the sole inventor, or a total of \$150 divided equally between employees named as joint inventors, in each original application for United States letters patent, upon the filing of each such application which is assigned to the Radio Corporation of America.

"Payments provided herein shall apply only to original United States Patent Applications, and shall not extend to cover the filing of divisions, continuations, re-issues, extensions, foreign patents or design patents."

Sometimes, as already suggested, the amount given is purely nominal. One California company's contract grants \$1 to an employee for assigning the rights of his inventions to the company. The contract states:

"In consideration of my employment by the company, and in further consideration of \$1 to me in hand paid, receipt of which is acknowledged, I hereby assign and agree to assign to the company, its successors and assigns, all rights to inventions which I have made or conceived or may hereafter make or conceive, with the use of the company's time, material or facilities, or as the result of my obtaining confidential information from the company; and I further agree, without charge to the company but at its expense, to execute and deliver applications for patents, and assignments thereof, where made or conceived as above described, and to invest title thereto in the company, its successors or assigns; provided that, and in consideration that the company hereby agrees that all inventions I have made or may hereafter make or conceive on my own time and with the use of my own material and facilities, or with materials and facilities not belonging to the company, or not as a result of my obtaining confidential company information, shall remain my personal property, and not subject to company claim.

"This agreement is executed as of the date above set forth and, although not to be considered a contract of employment, is to be considered an expression of particular terms of employment.

"..

(employee's signature)

Subscribed and sworn to before me this......................
.... day of ...., 195........

....

Notary Public in and for the County of Los Angeles, State of California

"Approved, ..., 195...."

One engineering union feels strongly that engineers should be compensated for their inventions. Russell M. Stephens, president of the American Federation of Technical Engineers, AFL-CIO, says that while he believes that the employer has the right "to the free use of any patent obtained as a result of company-paid time spent in its development . . . a percentage of royalties derived from the patent because of the use of the invention by noncompetitive corporations should be paid to the employee." He asks that the employee who makes an invention receive as an incentive either a lump sum or a salary increment.[1]

Consultation with Union

A West Coast company's agreement with an engineers' union has a clause which provides that any changes in the patent plan must first be discussed with the union:

"Employees covered by this agreement shall be entitled to whatever benefits are made available to other personnel of the company under the patent plan in effect at the time this section becomes effective as a part of this agreement, except that the company may, at its discretion, make changes in the patent plan. Before any changes are made in the plan, or officially announced by the company, they will first be discussed with the association. Interpretation or application of the plan shall not be subject to the provisions of article III (grievance procedure and arbitration) of the agreement."

Patent Disputes and the Grievance Procedure

A clause in another company's agreement with an independent engineers' union authorizes the use of the grievance procedure in the adjustment of disputes arising under the patent contract. The union agreement, however, does not permit arbitration of these disputes.

"*Grievances concerning patent plan:* Grievances or disputes of employees under such patent plan or patent contract may be adjusted under the [grievance procedure provisions] of this agreement, but any such grievance shall not be subject to arbitration. . . .

"It is recognized that resort to such grievance procedure by an employee shall in no way limit, affect or prejudice any cause of action arising out of such patent plan or patent contract."

One contract signed by the Engineers and Scientists of America and an eastern manufacturer specifically prohibits the use of the grievance procedure or arbitration to settle patent agreement disputes. Rather, settlement of the dispute is left to the interested parties or handled as provided for by "law and equity."

"Anything in this agreement to the contrary not withstanding, nothing in this article contained shall constitute a grievance within the meaning of this agreement nor create a right of arbitration in any employee, in the employer or in the association, it being contemplated by the parties that proceedings for the enforcement of this article by the inventor, the employer, or those claiming under him or them, shall be such as are provided by law or equity or such as may be agreed upon by parties to a dispute hereafter arising for the settlement thereof."

JAMES J. BAMBRICK, JR.
ALBERT A. BLUM
Division of Personnel Administration

[1] Speech by Russell M. Stephens on "Why Unionization of Engineers?" given at a meeting of the National Industrial Conference Board, January 20, 1956.

Productivity Trends: Implications for Wage Policy

With the advent of the GM formula in 1948, the productivity factor in wage negotiations has been increasingly emphasized. The focus has been on a "2% to 2½% increase in the nation's productivity over the long term." But does this factor have any validity for the individual firm? And how valid is any figure on the nation's productivity for purposes of wage policy? The accompanying article offers some insight into these questions. Because of this, it is being included in this issue of the *Management Record* as well as the June *Business Record*. Two previous articles in this series, covering historical trends and potential growth, have already appeared in *The Business Record*.[1]

OVER THE PAST half century, this nation's economic progress has been striking. National wealth has increased more than threefold; real income has increased fourfold. And our standard of living has been so greatly advanced as to defy comparison with that of fifty years ago.

What made these achievements possible was a persistently rising trend in output per man-hour. Without these gains, increases in real output would have been limited to the rate of growth in population and the labor force. And increases in real output per capita would have been impossible. The impressive reduction in hours of work would have remained an unfulfilled dream.

Looking ahead, continued growth seems assured. If present trends continue, our economy, which now produces a gross national product of $400 billion, should be capable of producing at least $650 billion within twenty years. And it would be further gains in output per man-hour that would make this possible.

The historical trend in real output per man-hour thus appears as a fundamental factor in economic progress—a measure both of the achievements of the past and the potentials of the future. Within our private economy as a whole, the historical trend has been moving ahead at the rate of 2.2% per year. But this average annual rate of gain conceals a myriad of diversities. It includes periods of less than average gain, and even setbacks, as well as periods of unusual advance. It encompasses the widely different experience of various industries. And it subsumes a changing composition of production and employment as the structure of our economy itself has changed through the years.

The Make-up of a Trend

Underlying the rising trend in output per man-hour are innovations in science and technology, improvements in business organization and management, and advances in the education, training and, therefore, the capabilities of the labor force. Each of these has contributed to increased and more efficient production, but only as they have been introduced and incorporated into the operations of individual business establishments. Thus, gains in national productivity depend in large measure upon the continued success of individual firms in increasing their man-hour output. Stated another way, it depends upon the ability of firms to reduce their own unit man-hour requirements.

Major factors in the trend toward lower man-hour requirements have been an almost uninterrupted growth in fixed capital (and in the ratio of fixed capital to employment) and a prodigious expansion in the input and effective use of electrical energy. As a result, methods of production have been constantly improved, with sharp emphasis on a more efficient employment of the working force.

But the effect of advances in technology and production methods upon the output per man-hour (or unit man-hour requirements) of individual firms depends in part upon their rate of operations and their utilization of capacity. Under optimum operating conditions, improved production methods may yield considerable gains in output per man-hour. But if production falls off, and capacity is underemployed, these built-in economies may not be realized. And when production rises sharply and strains against the limits of capacity, man-hour requirements may rise disproportionately.

The effect of the level of production upon output per man-hour is not limited to economies or "diseconomies" within individual firms. Within each industry and even within individual firms, there exist side by

[1] See "Productivity Trends—I. The Continuing Change in Portions of Capital and Labor," *The Business Record*, February, 1956, p. 54; and "Productivity Trends—II. Portents for the Future," *The Business Record*, April, 1956, p. 148.

side productive facilities of varying efficiency. Average productivity and the trend in productivity for an industry depend upon the distribution of the industry's total output among its facilities. The greater the level of demand and the urgency of production, the more likely it becomes that industry will have to call upon its less efficient capacity.

In the past, the high cost of low production during business contractions often erased the gains of technical advance. More recently, a rapid rate of business investment and the favorable environment of a business revival combined to yield substantial gains in output per man-hour among manufacturing industries. But as rising production in the second half of 1955 approached—and in many instances passed beyond—optimum utilization of capacity, the rising trend in output per man-hour was apparently interrupted. Thus, while technological developments and their rate of introduction in an industry will determine trends in man-hour requirements, short-term influences can fortify or dampen their effect upon productivity.[1]

The long-term trend in real output per man-hour is affected not only by technological developments *within* individual firms and the level and distribution of production *within* industries, but also by the composition of aggregate output and the allocation of resources *among* industries. For example, the increasing importance of manufacturing—where "value added" per man-hour tends to be higher on the average than in the agriculture, trade, or service industries—has tended to raise the level of national productivity, quite apart from the striking gains in manufacturing productivity itself.

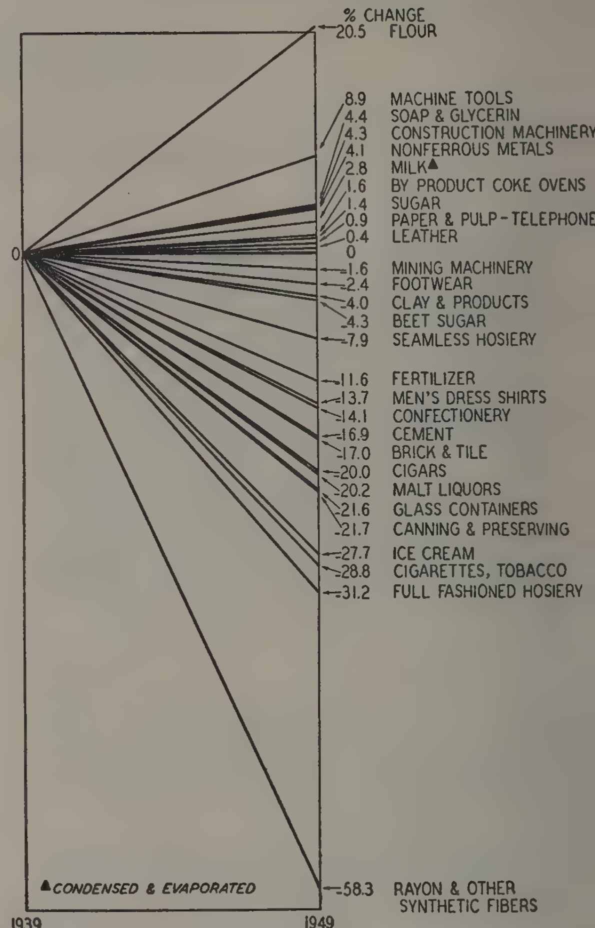
Variation Over Time

Since the productivity of the economy as a whole is influenced by factors that range from technological improvements within an individual firm to the composition of aggregate production, it is not surprising that the historical profile of real output per man-hour is so irregular:

Decade	*Average Annual Gain*
1909-1918	0.5%
1914-1923	1.9
1919-1928	2.7
1924-1933	0.2
1929-1938	2.4
1934-1943	3.4
1939-1948	2.1
1944-1953	2.3

[1] Short-term changes in productivity was the subject of two papers at the December, 1955, annual meeting of the American Statistical Association: "Cyclical Changes in Input-Output Relations," by Thor Hultgren of the National Bureau of Economic Research, and "Measurements of Current Trends in Output per Man-Hour," by Leon Greenberg, Jack Alterman and Allan D. Searle of the Bureau of Labor Statistics.

Changes in Unit Man-Hour Requirements in Manufacturing Industries



Source: Bureau of Labor Statistics

The decade following World War I was marked by unusually large increases in output per man-hour, as a rapid pace of technological advance was coupled with economic expansion. These technological developments of the Twenties carried over into the Thirties, but further innovations or the application of existing ones were inhibited by a dearth of capital investment; and low levels of production prevented efficient utilization of industrial capacity. The sharp gains in productivity between 1934 and 1943 were more apparent than real. They represented in large measure the effects of rising levels of production in recapturing gains that had been lost during the 1929-1933 business contraction.

Between 1939 and 1948, war production and postwar reconversion retarded the trend in output per man-hour. But since 1948, the pace of technological advance has been accelerated. Business investment has mounted to unprecedented heights. And productivity gains have exceeded 3% per year. But the evidence of

earlier periods, when rapid spurts in productivity were followed by retardation, cautions against projecting a relatively brief experience into an historical trend.

Variations Among Industries

Although the long-term rate of gain in real output per man-hour has averaged about 2% per year for the private economy as a whole, gains have varied widely from industry to industry. For example, while the communications and public utilities industry has moved ahead at twice the all-industry average, agriculture and trade, in contrast, have gained only about 1½% per year. And increases in manufacturing, mining and transportation have ranged from 2% to 3%.

The finer the detail for which industry measures are computed, the wider the range of variation. Within manufacturing, for example, long-term gains in productivity of 4% to 5% per year have been achieved in the production of petroleum and coal, transportation equipment, rubber, and tobacco. But in the production of lumber, furniture and leather, productivity gains averaged about 1% per year.[1]

Furthermore, the shorter the span of time over which productivity is computed, the more striking are the industry differences. (See charts.) Since 1948, for example, although the average rate of increase in output per man-hour has exceeded 3% per year, two out of thirty-three major industry groups have suffered declines, and three others have had gains of less than 1%. In contrast, three industries have been able to improve their output per man-hour by 6% or more.

[1] See "Productivity Trends: Capital and Labor," by John Kendrick, in a forthcoming issue of the *Review of Economics and Statistics.*

Variations Among Firms

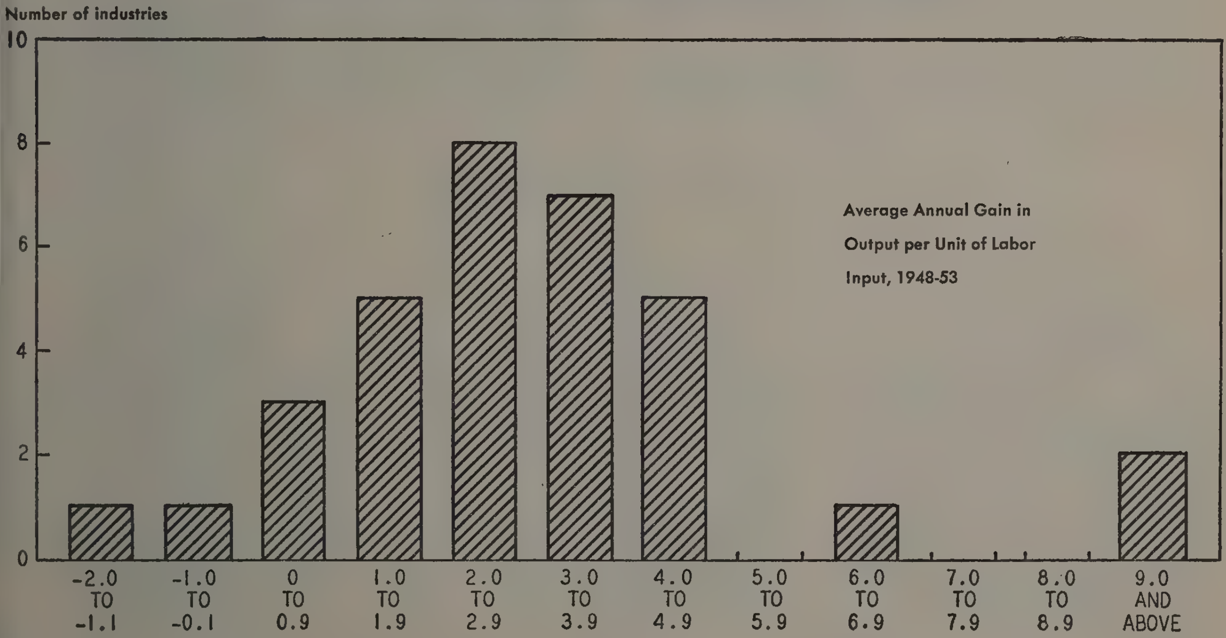
Although obvious differences in output per man-hour exist and persist among individual firms, an almost complete lack of data makes it difficult to document or to identify accurately the significant factors making for variation. A series of plant studies undertaken by the Bureau of Labor Statistics during 1946-1950 provides some insights on the differences in man-hour requirements and the divergence of movements that exist even within an individual industry's trend.[1]

In many respects, however, these BLS studies of unit man-hour requirements are an uncertain sample from which to draw generalizations about variations and trends in productivity. The industries covered are far

(Continued on page 221)

[1] The industries covered by the BLS studies of man-hour requirements include: cane-sugar refining, construction machinery, electrical equipment and supplies, footwear, general industrial equipment, home radio receivers, household electrical appliances, machine tools, men's work clothing, mining machinery, soap and glycerine, and synthetic rubber. The postwar years for which data were collected range from 1946 to 1950; in most cases, comparisons are available back to 1939.

Postwar Productivity Gains Have Averaged 3% per Year—but Experience Has Varied Widely from Industry to Industry



Source: National Bureau of Economic Research

The Trend to Longer-Term Union Contracts

IS THERE a movement today toward longer-term union contracts? Headline-making settlements among industry leaders have suggested that the duration of union agreements is an important factor in collective bargaining. Obviously, not all the agreements being signed are covering longer periods. For instance, in June, 1955, Ford and General Motors dropped their previous five-year labor agreements and negotiated three-year contracts. The rest of the automotive industry soon followed suit.

But while this industry was dropping the five-year contract, General Electric and Westinghouse were picking it up. Both signed contracts of approximately five years' duration. And in the case of Westinghouse, the length of the contract constituted an important strike issue.

Contract duration has long been a bargaining issue. Labor leaders historically have sought short-term agreements—usually ones that would run for about a year. And the signing of long-term contracts such as in the auto and electrical industries would have been regarded as anathema by most old-line labor leaders. But union bargaining concepts change along with the times. In 1950 the trend to longer-term contracts became apparent.

To determine if this trend is continuing today, The Conference Board analyzed 923 contracts, selected at random, which were signed during the period from June, 1955, to early 1956.[1] The results of this survey were then compared with those from earlier Conference Board surveys on contract duration made in 1948 and 1950. This comparison shows the following swing away from one-year contracts over this eight-year period:

Duration	1948 Study (Based on 313 Contracts)	1950 Study (Based on 306 Contracts)	1956 Study (Based on 923 Contracts)
One year or less	75.4%	53.6%	44.0%
More than one year	24.6	46.4	56.0

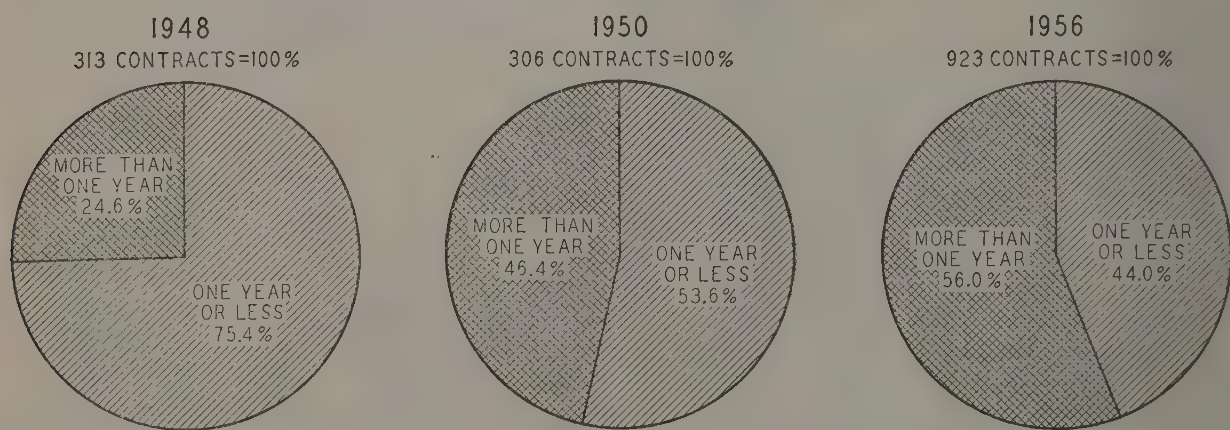
Of the 923 contracts signed in the 1955-1956 period, 406, or 44%, run for one year or less. Agreements running for more than one year and less than two account for 10.5%. Approximately one-fifth of the contracts are for two years' duration, while 133 contracts (14.4%) run for three years. Contracts of more than three years' duration account for less than 3% of the 923 analyzed. (See table.)

Union Patterns

The United Automobile Workers, AFL-CIO, have been the leaders in securing three-year agreements.

[1] The necessity of establishing a cut-off date (in this instance, only contracts negotiated on or after June 1, 1955) results in the omission of certain important industries and unions from the analysis. For example, almost all the primary steel contracts were negotiated in mid-1954 and are therefore not included. These contracts are coming up for renegotiation in the summer of 1956.

Duration of Union Contracts



Source: National Industrial Conference Board

Of the 133 contracts that run for three years, fifty-four were negotiated by the UAW. More than three-quarters of the 117 UAW agreements analyzed run for more than two years. But, unlike earlier years, only three UAW contracts run for five years or more, as is shown in the table.

However, the analysis reveals that there are unions which continue to negotiate a high proportion of one-year agreements. These include the Communications Workers, the Paper Workers, the Plumbers, and the Pulp, Sulphite and Paper Mill Workers—all AFL-CIO—and the United Mine Workers and the Mine, Mill and Smelter Workers, both independent.

A high proportion of two-year agreements is found among the following unions: Chemical Workers, Electrical Workers (IBEW), Operating Engineers, Rub-

Duration of 923 Contracts, by Union

	Total Number	Less than 1 Year	1 Year	More than 1 Year but Less than 2	2 Years	More than 2 Years but Less than 3	3 Years	More than 3 Years but Less than 4	4 Years	More than 4 Years but Less than 5	5 Years	More than 5 Years but Less than 6
Total contracts—number	923	30	376	97	200	63	133	3	4	5	9	3
Total contracts—per cent	100%	3.3%	40.7%	10.5%	21.7%	6.8%	14.4%	.3%	.4%	.5%	1.0%	.3%
AFL-CIO union contracts:												
Allied Industrial Workers (formerly UAW-AFL)	15	—	4	—	4	1	5	—	—	1	—	—
Automobile, Aircraft and Agricultural Implement Workers	117	2	17	6	10	24	54	1	—	—	2	1
Boilermakers, Iron Ship Builders, Blacksmiths, Forgers	5	—	2	1	2	—	—	—	—	—	—	—
Brewery, Flour, Cereal, Soft Drink and Distillery Workers	2	—	1	1	—	—	—	—	—	—	—	—
Building Service Employees	2	—	—	—	1	—	1	—	—	—	—	—
Carpenters and Joiners	4	—	1	—	2	1	—	—	—	—	—	—
Cement, Lime and Gypsum Workers	8	—	6	2	—	—	—	—	—	—	—	—
Chemical Workers	30	—	16	1	10	1	1	—	1	—	—	—
Communications Workers	15	1	12	2	—	—	—	—	—	—	—	—
Electrical, Radio and Machine Workers (IUE)	39	3	8	2	15	3	6	—	—	1	—	1
Electrical Workers (IBEW)	40	6	19	5	4	1	5	—	—	—	—	—
Engineers, Technical	6	—	1	1	4	—	—	—	—	—	—	—
Engineers, Operating	10	—	8	2	—	—	—	—	—	—	—	—
Furniture Workers	3	—	1	—	1	—	1	—	—	—	—	—
Glass, Flint Workers	4	—	1	2	—	—	1	—	—	—	—	—
Glass and Ceramic Workers	3	—	2	—	—	—	—	1	—	—	—	—
Machinists	83	3	29	11	23	7	9	—	—	1	—	—
Meat Cutters and Butcher Workmen	4	—	1	1	1	—	1	—	—	—	—	—
Molders and Foundry Workers	6	—	1	2	1	1	1	—	—	—	—	—
Office Employees	33	—	18	3	3	3	5	—	—	—	1	—
Oil, Chemical and Atomic Workers	46	—	27	2	8	3	6	—	—	—	—	—
Packinghouse Workers	2	—	2	—	—	—	—	—	—	—	—	—
Paper Makers	10	—	8	1	1	—	—	—	—	—	—	—
Paperworkers	17	—	12	—	4	—	1	—	—	—	—	—
Plumbers and Pipefitters	4	—	3	—	—	—	1	—	—	—	—	—
Printing Pressmen and Assistants	5	—	3	—	1	—	1	—	—	—	—	—
Pulp, Sulphite and Paper Mill Workers	17	1	11	3	—	—	1	1	—	—	—	—
Retail, Wholesale and Department Store Workers	5	—	2	—	3	—	—	—	—	—	—	—
Rubber, Cork, Linoleum and Plastic Workers	11	2	1	2	5	—	—	—	—	—	1	—
Steelworkers	40	—	14	4	19	1	2	—	—	—	—	—
Teamsters, Chauffeurs and Warehousemen	26	—	13	1	5	1	4	—	1	—	1	—
United Textile Workers (formerly AFL)	5	—	2	—	1	—	2	—	—	—	—	—
Textile Workers Union (formerly CIO)	30	—	13	1	13	2	1	—	—	—	—	—
Utility Workers	7	—	2	2	2	1	—	—	—	—	—	—
Multiple union and other contracts:												
Building Trades Councils	2	—	2	—	—	—	—	—	—	—	—	—
Hotel Trades Councils	2	—	—	—	—	1	1	—	—	—	—	—
Industrial Union Councils	1	—	—	—	1	—	—	—	—	—	—	—
Metal Trades Councils	7	1	—	3	1	—	—	—	—	—	1	1
Other multiple union contracts[1]	24	1	15	1	2	1	2	—	—	—	2	—
Federal Labor Unions, AFL-CIO	19	—	10	4	4	—	1	—	—	—	—	—
All other AFL-CIO unions	63	3	23	12	16	3	4	—	2	—	—	—
Independent union contracts:												
Electrical, Radio and Machine Workers (UE)	29	1	11	3	8	1	3	—	—	2	—	—
Engineers and Scientists	3	1	—	1	1	—	—	—	—	—	—	—
Guards, International	4	1	—	1	2	—	—	—	—	—	—	—
Guards, United Plant	7	—	1	2	—	1	3	—	—	—	—	—
Mine, Mill and Smelter Workers	8	1	6	—	1	—	—	—	—	—	—	—
Mine Workers	31	—	21	1	6	1	2	—	—	—	—	—
All other independent unions	69	3	26	11	15	5	8	—	—	—	1	—

[1] Primarily in the paper and pulp industry. Sixteen of these contracts were negotiated by both the International Brotherhood of Paper Makers and the International Brotherhood of Pulp, Sulphite and Paper Mill Workers, both AFL-CIO.

ber Workers, Steelworkers, and Utility Workers, all AFL-CIO.

Although both the International Union of Electrical, Radio and Machine Workers (IUE) and the United Electrical, Radio and Machine Workers (UE) negotiated contracts of approximately five years' duration with Westinghouse and General Electric, all the other contracts of these two unions are for three years or less.

JAMES J. BAMBRICK, JR.
MARIE P. DORBANDT
Division of Personnel Administration

Labor Press Highlights

AFL-CIO Offers Budget as Bargaining Yardstick

THE AVERAGE WAGE today is too low to support a reasonable standard of living for a family of four, contends the AFL-CIO's *Collective Bargaining Report*. The minimum requirement to maintain a modest living for a family of four is $4,300 per year, according to the federation. The AFL-CIO says that February figures show that wages in manufacturing fall 6% to 7% short of the $2.07 per hour or $83 weekly earnings necessary to achieve this minimum.

The *Collective Bargaining Report* points out that: "by indicating the minimum wage necessary for a worker to provide a reasonable living for a wife and two children, the budget figures serve as a valuable yardstick for wage bargaining." The AFL-CIO anticipates employers arguing that since the budget requirements are set up for a family of four, they are inappropriate for bargaining purposes since employees may have more or less than four in the family. "This argument has little merit," contends the AFL-CIO. "Since wages in the country are not varied by size of family, it makes sense to rely on one reasonably representative family size in measuring family needs. . . . Wages should be enough to support at least a wife and two children, whether or not each worker has a family just that size."

The AFL-CIO's $4,300 estimate is based on the City Worker's Family Budget prepared by the United States Department of Labor in 1951. The AFL-CIO has adjusted the figures for the rise in consumer prices and for the changes in income and Social Security taxes since then. But even the adjusted figures understate the minimum requirements, according to AFL-CIO, because the budget is based on pre-World War II buying patterns. In some of the cities included in the AFL-CIO analysis, there has been little or no change over the past five years in the weekly earnings required to maintain a modest standard of living. An example is Scranton, Pennsylvania. But in New York City, the weekly earnings' requirement has increased $1 since 1951. While in Baltimore, Chicago, San Francisco, and Minneapolis, the AFL-CIO figures the employee needs $5 more per week than he did in 1951 to maintain a modest but adequate standard of living. Using $83 as the minimum weekly paycheck required, the AFL-CIO *Report* also points out that the telephone, textile, and apparel industries, and department stores in particular, pay less than the required weekly wage.

Rubber Workers Curtail Shorter-Hour Demand

The bargaining program of the United Rubber Workers for 1956 puts a temporary halt to its perennial demand for shorter hours. As published in *The United Rubber Worker*, wage and fringe demands are as follows:

1. A substantial wage increase
2. A guaranteed annual wage program
3. Liberalized pension and insurance programs
4. Improvement in severance pay, vacations, night shift bonuses, sick leave bonuses, paid holidays, paid time for union negotiations.

On the shorter workweek, the Rubber Worker bargaining program calls for an "interim policy" which will allow the union "to more effectively achieve the long-range goal of a shorter workday and workweek." Included in the steps to be followed is a gradual transition to an eight-hour day, forty-hour week where six-hour days now exist. The transition is to be made without layoff of present employees.

IUE Bars Merger with UE

Lest there be any doubt about its feelings toward the UE, the International Union of Electrical Workers, AFL-CIO, has issued a policy statement in *The IUE News* barring merger, joint bargaining, no-raiding pacts, or any other form of cooperation with the UE that would in any way perpetuate that union. This ultimatum is also issued to UE locals: "Unless UE locals take action now [to join the IUE] they will see themselves splintered, fragmentized and finally destroyed, all to serve the personal interests of UE leaders." The IUE hopes to bring all workers in the electrical industry into the IUE by the end of 1956, according to *The IUE News*. As part of this program, it has launched another drive to gain 100% organization in General Electric.

UE, in the meantime, continues to lose members. The

Machinists, for example, report that 1,500 UE members in ten St. Louis companies recently switched and joined the IAM. The most recent defection from the UE, according to the IUE, occurred among twelve UE locals in the New York City metropolitan area and northern New Jersey. This switch will mean a further loss of 18,000 members and will drop UE's total membership to about 75,000 or 80,000, according to the IUE.

AFL-CIO Adopts Hands-Off Policy in Canada

Canada's two union federations, the Trades and Labor Congress of Canada and the Canadian Congress of Labour, have officially merged as the Canadian Labour Congress, reports *The AFL-CIO News*. Claude Jodoin, former head of the TLC, was chosen president of the new Canadian Labour Congress, which claims 1,018,000 members. At the request of the new federation, the AFL-CIO will sever all connection with the federal labor unions that it has chartered in Canada and terminate AFL-CIO organizing activity in that country, reports the *News*. Federal unions now holding AFL-CIO charters must either affiliate with the national unions in Canada or take out a charter directly with the CLC. Organizers on the AFL-CIO staff will also either be attached to a national union or to the CLC. Affected by this change, which was approved by the AFL-CIO executive council, are from 10,000 to 20,000 Canadian members of federal labor unions. However, the national unions of the United States that have Canadian affiliates are not affected at all, reports *The AFL-CIO News*.

Mine, Mill Union Seeks Merger

In order to regain its position in "the mainstream of the labor movement," the Mine, Mill and Smelter Workers' union is seeking a merger with some national union, reports *Labor's Daily*. Mine, Mill was one of the unions ejected from the CIO in 1949 as Communist dominated, and is currently so charged by the Justice Department. Unity talks have been held with the Teamsters, Machinists, Boiler Makers, Common Laborers, United Mine Workers, as well as the AFL-CIO's president, George Meany, reports *Labor's Daily*.[1] M. E. Travis and Clinton Jencks, two former top officers of the Mine, Mill union convicted of perjury in signing non-Communist affidavits, "have resigned" from paid employment with the union. Both former officials will receive full severance pay, reports *Labor's Daily*, and Mr. Travis, who lost an eye in a labor dispute several years ago, will get disability compensation from the union.

Unity in Meat Packing Stalled

Refusal by the Packinghouse Workers' union to go along with the new conditions set up by the Meat Cutters' union has delayed the expected June merger of the two unions, reports *Labor's Daily*. The Packinghouse Workers' union balked when the Meat Cutters sought to have twenty-five vice-presidents rather than the nineteen initially agreed to by the union. The Packinghouse Workers would have six VP's. Other changes in merger conditions sought by the Meat Cutters include the extension of the non-Communist oath to lower levels of leadership and appointment of an assistant industrial division head from the Meat Cutters' union. But despite these difficulties, officials of both unions still believe the merger will take place, according to *Labor's Daily*. They are pledged to joint wage negotiations with the big four meat cutters this year.

Financial Statements of Three Unions

Total income of the International Association of Machinists for 1955 amounted to \$11,605,519.66, according to the financial statement in *The Machinist*. Expenditures for the year were \$10,049,072.11. Machinists' assets as of December 31, 1955, were \$16,163,593.76; total liabilities came to \$404,340.53.

The Brotherhood of Railway and Steamship Clerks, for the year ending December 31, 1955, claimed assets of \$10,258,325.14 and liabilities of \$96,809.97. As shown in the *Railway Clerk*, the union spent more last year than it took in; revenues were \$4,005,204.27 while expenditures totaled \$4,316,866.88.

For the Textile Workers Union of America, income for the twelve months ending February 29, 1956, amounted to \$3,845,554.28; expenditures totaled \$2,795,823.59. *Textile Labor* shows the union has assets of \$4,325,327.57 and liabilities of \$15,611.81 as of February 29, 1956.

Union Offers $100,000 to Promote Industry

The Boot and Shoe Workers Union has again offered to contribute \$100,000 annually to any industry-sponsored campaign to sell more shoes, reports the *Shoe Workers' Journal*. Shoe Worker President Joe Mara, speaking before a group of independent shoe manufacturers, made the offer as a demonstration of how labor-management cooperation must be translated into concrete acts. Mr. Mara explained that there are no strings attached to the offer; the union wants to help build a more prosperous industry for the shoe workers to share in.

Only One UAW Now

Prior to the AFL-CIO merger, the AFL's United Automobile Workers were known as the UAW-AFL, while the CIO's auto union under Mr. Reuther was known as the UAW-CIO. After the merger, Mr. Reuther's union stated it would use the initials UAW-AFL-CIO. To eliminate confusion, the former AFL Auto Workers' union recently changed its name, reports *The AFL-CIO News*. It is now to be called the Allied Industrial Workers of America, AFL-CIO.

Attacks Labor Leaders in Business

Labor leaders with business ties were scored as "immoral, unethical and unfit to serve the labor movement" by David Dubinsky, president of the Ladies' Garment Workers, reports *Labor's Daily*. Speaking before a convention of his union, Mr. Dubinsky promised that no such situation would ever be tolerated in the Ladies' Garment Workers' Union.

Harold Stieglitz
Division of Personnel Administration

[1] The Communist Control Act of 1954 contains a provision that, in effect, sets up affiliation with an AFL-CIO union as prima-facie evidence that an organization is not communist dominated. Last year, both AFL and CIO unions were warned by CIO general counsel Arthur Goldberg and AFL president George Meany that communist-dominated unions would seek affiliation as a shelter from prosecution under the Communist Control Act.

Briefs on

EMPLOYEE BENEFITS

Definition of Earnings for Pension Computations

The widespread use of bonuses, overtime pay, commissions and other special wage payments poses an important question in the administration of a pension plan: should these special wage payments be included in the earnings which are used to determine an employee's pension?

A rough picture of current practice has been obtained from 112 pension plans included in a recent Conference Board study.[1] The analysis is based only on information in the pension booklets. And this information is often ambiguous because some companies do not have special wage payments and, therefore, need not be concerned with them in defining earnings.

With this limitation in mind, sixty-nine of the plans, or 62%, apparently use only regular earnings for pension purposes. The breakdown on these sixty-nine plans shows that:

- In thirteen plans, earnings are limited to "regular" or "basic" earnings.
- In thirty-eight plans, earnings are defined as "basic earnings excluding all special or extra compensation." Not only do these plans make this general exclusion but the following specific exclusions are listed as well—overtime pay (thirty-three plans), bonuses (twenty-eight), piece and incentive pay (seven), shift differentials (seven), profit sharing (two) and vacation pay (one). In eight plans salesmen's commissions are considered basic earnings; in three plans they are specifically listed as exclusions.
- In eighteen plans, earnings are defined as basic earnings excluding some specific extra payments such as overtime (thirteen plans), bonuses (seven), shift differentials (two), vacation pay (one), holiday pay (one). In three plans commissions are excluded, but in one plan they are included in base pay.

Another quarter (twenty-seven) of the plans rather clearly indicate that earnings are something more than basic or regular compensation. Six plans define earnings as all or total or gross compensation; another six define earnings as all "cash compensation" or all earnings reported for income-tax purposes. The other fifteen plans list specific items to be included in earnings: overtime pay (eight plans), bonuses (eight), commissions (three), profit sharing (two), vacation pay (one), and shift differentials (one).

The remaining sixteen of the 112 plans define earnings for pension purposes merely as salary or annual earnings. Whether this definition includes some special payments is not clear from the information in the pension booklet.

[1] See "Pension Plans and Their Administration," *Studies in Personnel Policy*, No. 149, 1955. The special sample described on page 8 has been used, excluding twelve plans in which salary was not a factor in the pension formula.

Hercules Powder Company Thrift Plan

Any employee who completes two years of service is eligible to join the new Hercules employee savings plan. He can contribute as much as 10% of his base pay or 10% of the total compensation he received in the preceding year, whichever is greater. And for each dollar saved by the employee, the company contributes 25 cents. Company contributions are invested only in company common stock. But the employee has the choice of putting his own contributions in company stock or government bonds or in some combination of the two.

The plan is operated on the basis of "plan years." Each plan year an employee may elect to participate in either a short-term savings fund or a long-term savings fund. Or he may divide his 10% and so participate in both. Under the short-term savings fund, each plan-year account matures and is distributed three years after the close of that plan year. The long-term savings fund is intended for distribution at retirement.

Withdrawals and Terminations

If an active employee withdraws completely from either fund at any time, he receives all the assets in his account—except for the company contributions made in the eighteen months prior to his withdrawal and the earnings on the company contributions for that period. However, if an employee has participated in the long-term fund for four years, he may make specified partial withdrawals without loss of company contributions. In this case, once each year, he may withdraw all or part of his *own* contributions which have been credited to his account for at least four years. Furthermore, he may withdraw not only his own but also company contributions and dividends which have been credited to his account for at least four years. But should he do this, he cannot contribute again to the fund until six months after the date of withdrawal.

If termination is caused by resignation or discharge,

the employee receives all assets in his account except for company contributions made during the eighteen months prior to withdrawal and the earnings on the company contributions during that period. But if termination is for reasons other than resignation or discharge, the employee or his beneficiary receives all assets in his account.

Ohio Oil Company's Life Insurance and Death Benefit Plan

In addition to a general increase in group life insurance coverage for employees earning $10,000 per year or less, the Ohio Oil Company has added a noninsured company-paid death benefit to supplement the group life protection for employees earning more than $10,000. The objective is to provide the beneficiary with twice the amount earned by the employee in the twelve months immediately preceding his death, up to a maximum of $100,000. Because the insurance company cannot legally provide more than $20,000 of group term coverage, any benefit over this limit is taken care of by the noninsured company death benefit. This death benefit is paid to beneficiaries in monthly installments.

The employee contribution for the life insurance protection is 1% of gross pay, with a maximum payment of $12 per month. The combined life insurance and company death benefit protection is extended to retired employees at age fifty-five at no cost to them, although total protection is reduced at sixty-five in the following manner. Over a period of forty months, equal monthly decreases reduce the total protection to one-quarter of the amount that was in effect at retirement, but to no less than $2,000.

Eastman Kodak Survivor Income Plan

Eastman Kodak recently installed a benefit plan designed to provide a lifetime income to the surviving spouse of an employee who dies between ages sixty and sixty-five. Benefits start from the date of the employee's death or as soon as the surviving spouse reaches age fifty-five, whichever is later.

The normal monthly benefit is one-quarter of the monthly annuity which has been accumulated under the retirement plan up to the date of the employee's death. However, minimum benefits are provided too. Until the surviving spouse reaches sixty-five or qualifies for Social Security (whichever occurs first), she receives a minimum of $75 per month. The minimum drops to $15 per month after a surviving spouse reaches sixty-five or qualifies for Social Security (whichever occurs first).

To be eligible for the plan, a married employee must have reached age sixty, with fifteen years of service with the company. And he must be insured for the full amount of group life insurance for which he is eligible. His contribution to the cost of the plan depends on the amount of accumulated annuity at the time he subscribes.

Extent of Major Medical Coverage

At the end of 1954, over 2.2 million people had protection against major medical expenses. This is an increase of 83% over the number covered at the end of 1953, according to the latest survey of the Health Insurance Council. And in the three years since 1951, the number of people covered has increased more than twentyfold.

At the end of 1954, about 1.9 million individuals were protected by group insurance; 306,000 by individual-policy insurance and 37,000 by Blue Cross-Blue Shield contracts providing major medical coverage.

HARLAND FOX
Division of Personnel Administration

Management Bookshelf

Trade Union Government and Administration in Great Britain—This book examines how unions operate in Great Britain today. It discusses the legal framework in which they function, the structure of their union government, their finances, and the processes they use to elect officers. The author believes that because British labor organizations have become so large and powerful, their internal conduct is a matter of general concern. He concludes that "while the unions have sacrificed democratic control for administrative efficiency . . . in the last resort the wishes of the members are still paramount." *By B. C. Roberts, Harvard University Press, Cambridge, Massachusetts, 1956, 570 pp., $6.*

Developing People in Industry—The material in this volume is essentially the contents of a manual which the authors originally prepared for the production employees of Pillsbury Mills, Inc. In the foreword, Pillsbury reports that the manual, which has been in use for more than a year, has fulfilled its purpose. The manual has now been adapted for a more general industrial audience. Since the authors believe that training is now an accepted industrial practice, they stress the problem of determining training needs and the evaluation of training results. They also draw on psychology and teaching methods to answer the questions of who shall be trained and how. *By Douglas H. Fryer, Mortimer R. Feinberg and Sheldon S. Zalking, Harper & Brothers, New York, New York, 1956, 210 pp., $3.50.*

The Staff Role in Management—Its Creative Uses—An examination of the role of staff in its relationship to line. This book deals with the nature of staff work and how it can best be accomplished. *By Robert C. Sampson, Harper & Brothers, New York, New York, 1955, 226 pp. $4.*

Significant Labor Statistics

Item	Unit	1956				1955			Year Ago	Percentage Char	
		April	March	Feb.	Jan.	Dec.	Nov.	Oct.		Latest Month over Previous Month	Late Mon ove Yea Ago
Consumer Price Indexes											
All Items	1953 = 100	101.0	101.1	101.1	101.1	101.0	100.7	100.7	100.1	−0.1	+0
Food	1953 = 100	97.0	97.0	97.3	97.5	97.9	98.0	98.6	98.3	0	−1
Housing	1953 = 100	102.6	102.6	102.4	102.2	102.1	102.0	101.9	101.5	0	+1
Apparel	1953 = 100	99.6	99.4	99.3	99.3	99.3	99.3	99.4	98.9	+0.2	+0
Transportation	1953 = 100	104.4	105.1	105.3	105.8	104.7	102.9	101.3	100.2	−0.7	+4
Sundries	1953 = 100	103.7	103.7	103.4	103.1	102.9	102.7	102.7	101.5	0	+2
Purchasing Value of Dollar	1953 dollars	99.0	98.9	98.9	98.9	99.0	99.3	99.3	99.9	+0.1	−0
(*BLS*) All Items	1947–1949 = 100	114.9	114.7	114.6	114.6	114.7	115.0	114.9	114.2	+0.2	+0
Employment Status[1]											
Civilian labor force	thousands	66,555	65,912	65,491	65,775	66,592	67,206	67,292	64,647	+1.0	+3
Employed	thousands	63,990	63,078	62,577	62,891	64,165	64,807	65,161	61,685	+1.4	+3
Agriculture	thousands	6,387	5,678	5,470	5,635	5,884	6,920	7,905	6,215	+12.5	+2
Nonagricultural industries	thousands	57,603	57,400	57,107	57,256	58,281	57,887	57,256	55,470	+0.4	+3
Unemployed	thousands	2,564	2,834	2,914	2,885	2,427	2,398	2,131	2,962	−9.5	−13
Wage Earners[2,3]											
Employees in nonagr'l establishm'nts	thousands	*p* 50,002	49,783	*r* 49,551	49,615	51,311	50,629	50,471	48,643	+0.4	+2
Manufacturing	thousands	*p* 16,728	*r* 16,769	*r* 16,823	16,842	17,026	17,049	16,999	16,255	−0.2	+2
Mining	thousands	*p* 755	*r* 750	748	747	754	754	751	739	+0.7	+2
Construction	thousands	*p* 2,445	*r* 2,329	*r* 2,263	2,267	2,422	2,580	2,685	2,399	+5.0	+1
Transportation and public utilities	thousands	*p* 4,127	*r* 4,112	*r* 4,088	4,089	4,165	4,143	4,127	3,939	+0.4	+4
Trade	thousands	*p* 10,843	*r* 10,835	*r* 10,732	10,833	11,753	11,126	10,909	10,549	+0.1	+2
Finance	thousands	*p* 2,256	*r* 2,241	2,227	2,214	2,219	2,213	2,216	2,161	+0.7	+4
Service	thousands	*p* 5,739	*r* 5,640	5,609	5,603	5,657	5,690	5,730	5,674	+1.8	+1
Government	thousands	*p* 7,109	*r* 7,107	7,061	7,020	7,315	7,074	7,054	6,927	0	+2
Production and related workers in mfg. employment											
All manufacturing	thousands	*p* 13,097	*r* 13,157	*r* 13,224	13,272	13,464	13,498	13,446	12,816	−0.5	+2
Durable	thousands	*p* 7,654	*r* 7,645	*r* 7,698	7,758	7,847	7,839	7.729	7.457	+0.1	+2
Nondurable	thousands	*p* 5,443	*r* 5,512	5,526	5,514	5,617	5,659	5,717	5,359	−1.3	+1
Average weekly hours											
All manufacturing	number	*p* 40.2	*r* 40.4	40.5	40.6	41.3	41.2	41.1	40.3	−0.5	−0
Durable	number	*p* 40.9	*r* 41.0	41.0	41.2	41.9	41.9	41.7	41.2	−0.2	−0
Nondurable	number	*p* 39.1	*r* 39.6	39.8	39.8	40.4	40.3	40.3	39.0	−1.3	+0
Average hourly earnings											
All manufacturing	dollars	*p* 1.95	1.95	1.93	1.93	1.93	1.93	1.91	1.86	0	+4
Durable	dollars	*p* 2.07	2.06	2.05	2.06	2.06	2.06	2.04	1.98	+0.5	+4
Nondurable	dollars	*p* 1.78	1.78	*r* 1.75	1.75	1.74	1.74	1.72	1.69	0	+5
Average weekly earnings											
All manufacturing	dollars	*p* 78.39	*r* 78.78	78.17	78.36	79.71	79.52	78.50	74.96	−0.5	+4
Durable	dollars	*p* 84.66	*r* 84.46	84.05	84.87	86.31	86.31	85.07	81.58	+0.2	+3
Nondurable	dollars	*p* 69.60	*r* 70.49	69.65	69.65	70.30	70.12	69.32	65.91	−1.3	+5
Straight time hourly earnings (estimated)											
All manufacturing	dollars	*p* 1.89	1.89	1.87	1.87	1.86	1.86	1.84	1.80	0	+5
Durable	dollars	*p* 2.00	1.99	*r* 1.98	1.98	1.97	1.97	1.96	1.91	+0.5	+4
Nondurable	dollars	*p* 1.74	1.74	*r* 1.71	1.71	1.69	1.69	1.67	1.66	0	+4
Turnover Rates in Manufacturing[2]											
Separations	per 100 employees	*p* 3.4	*r* 3.5	3.6	3.6	3.0	3.1	3.5	3.1	−2.9	+9
Quits	per 100 employees	*p* 1.5	1.4	1.3	1.4	1.1	1.4	1.8	1.5	+7.1	0
Discharges	per 100 employees	*p* 0.3	0.3	0.3	0.3	0.2	0.3	0.3	0.3	0	0
Layoffs	per 100 employees	*p* 1.4	1.6	1.8	1.7	1.4	1.2	1.1	1.2	−12.5	+16
Accessions	per 100 employees	*p* 3.3	3.1	3.1	3.3	2.5	3.3	4.1	3.5	+6.5	−5

[1] Bureau of the Census.
[2] Bureau of Labor Statistics.
[3] The BLS has adjusted its nonfarm employment and hours and earnings series to first quarter 1954 benchmark levels. The benchmark level is the total count of workers covered in each industry, and in this instance the data were received from government social insurance programs. The adjustment affects all figures since January, 1951.

p Preliminary
na Not available.

r Revised

Downward Trend in Food Halts

CONSUMER PRICES registered a slight decrease of 0.1% in April, 1956, according to the Board's United States index. This is the first dip in the all-items index since December, 1954. However, at 101.0 (1953=100), the index was 0.9% above the April, 1955, level.

The purchasing value of the April dollar was 99.0 cents (1953 dollar = 100 cents), up 0.1 cent from March. Although the dollar showed its first gain since January, it was still almost a penny under last year's value.

Prices during April were relatively stable in contrast to the diverse movements of previous months. The retail costs of the food, housing, and sundries items were unchanged from last month. A 0.2% increase in apparel prices did not quite balance a 0.7% drop in transportation costs.

The downward trend of food, which started in November, 1955, came to a halt in April. Consumers paid higher prices for fruits, vegetables, fats and oils, but found beef and eggs good buys. The meat, fish and poultry index was down 0.2%, although pork prices reversed their recent downward trend with a rise of 2.8%. Hog prices began to rally in March, and this led to the rise in pork prices at the retail level in April. The other components of the meat, fish, and poultry index were lower, with beef showing a decline of 0.6%. Retail prices for poultry have continued to drop, and are 11.4% lower than a year ago.

Lower egg, milk, and cheese prices were primarily responsible for a 1.4% drop in the dairy products and eggs index. Eggs showed their usual seasonal variation, going down 4.3%. And record milk production has been reflected in lower milk prices. Since the beginning of the year, fresh milk prices have been trending downward, and they fell another 0.8% between March and April.

The fruits and vegetables index rose 0.7%. Fresh vegetables moved up 1.8%, with the sharp seasonal rise of potatoes and tomatoes leading the way. Rains in Florida and cold weather in the Carolinas delayed the potato harvest in these areas, so that new potatoes came into the market with less than normal competition. Good buys were available in carrots, cabbage, green beans, and onions. Fresh fruits rose 0.4%, with apples showing the largest increase.

The "other food at home" index moved up 0.6%, as fats and oils advanced 1.0% over March, with margarine and shortening registering the largest increases. Coffee prices were up 1.1%, extending the gains made last month. And cereals and bakery products remained steady, as the fractional declines in cereals were balanced by the slight increases for bakery products.

Rents were 0.3% higher, and the fuel, power and water index was also up slightly in April. But the furnishings and equipment index was down 0.1%, as appliance prices continued to sag.

Apparel prices advanced 0.2% over the month, with prices generally higher for women's and men's clothing. Women's apparel, which has moved up slightly since January, showed a 0.1% rise this month. And clothing materials and services were up 0.4%.

Transportation costs have continued the downward trend begun in February, with a decline of 0.7% over the month. New and used cars were again cheaper this month. The unchanged sundries index reflected general price stability, although medical and personal care showed fractional increases.

Since a Year Ago

Consumer prices were 0.9% above their level of a year ago. Food was 1.3% cheaper, but all other components were higher than last year. Housing was up 1.1%, apparel 0.7%, transportation 4.2%, and sundries 2.2%.

The substantial decrease of 7.5% in meat, fish, and poultry was primarily responsible for the lower food index. The other food at home index was off 0.1%. Advances in the other subcomponents—cereals and bakery products (up 0.6%), dairy products and eggs (up 1.8%), vegetables and fruits (up 1.7%)—did not balance the sharp drop in meat, fish, and poultry.

In the housing index, advances were reported in all groups except gas, which dropped 0.4%. Rents rose 1.6%, fuel, power and water was up 1.0%, furnishings and equipment increased 1.0% and the other household operations index rose 1.5%.

The apparel index was up 0.7%, although women's apparel declined 0.1%. The clothing material and services index was 2.7% higher than April of last year.

The sundries index has continued to move up throughout the year until it is now 2.2% above last year. All the component groups of this index have gained, with medical care moving up 3.1%, personal care 4.5%, recreation 1.2%, and alcoholic beverages

Consumer Price Index—United States

Cities over 50,000 in population

1953 = 100

	ALL ITEMS	FOOD						HOUSING				
		Total	Meat, Fish, Poultry	Cereal, Bakery Products	Dairy Products, Eggs	Fruits, Vegetables	Other Food at Home	Total	Rent	Fuel, Power, Water		
										Total	Gas	Electricity
1954 October	100.0	98.8	94.8	103.4	94.3	96.5	112.2	101.0	105.2	101.0	101.5	101.0
November	100.0	98.6	94.7	103.7	94.6	96.4	110.6	101.0	105.3	100.7	101.5	101.0
December	99.8	97.9	93.7	104.0	93.5	95.5	110.5	101.1	105.3	101.1	101.6	101.0
Annual Average	100.2	99.5	97.7	103.2	94.2	97.0	110.7	100.9	104.3	101.1	102.7	100.7
1955 January	99.9	98.2	94.3	104.0	92.8	97.1	110.2	101.2	105.5	102.7	104.8	100.9
February	99.9	98.2	94.4	104.2	93.6	97.4	108.8	101.2	105.5	103.1	105.2	100.9
March	100.1	98.4	94.1	104.3	94.2	99.1	107.5	101.3	105.7	103.3	105.6	101.0
April	100.1	98.3	94.3	104.3	93.0	100.7	106.5	101.5	105.8	103.5	106.5	101.1
May	100.2	98.4	94.0	104.4	91.7	104.1	105.7	101.4	105.8	102.9	106.5	101.1
June	100.2	98.3	94.6	104.4	91.5	103.5	104.6	101.4	105.8	102.7	106.7	101.2
July	100.3	98.6	94.9	104.6	92.4	103.6	104.6	101.2	106.2	101.4	103.9	101.6
August	100.3	98.2	94.5	104.7	94.5	99.1	104.7	101.5	106.2	101.8	104.2	101.7
September	100.5	98.5	94.9	104.8	96.4	97.4	105.1	101.6	106.3	102.1	104.5	101.7
October	100.7	98.6	94.0	104.8	97.4	97.7	105.5	101.9	106.5	102.6	104.5	101.8
November	100.7	98.0	91.7	104.4	97.7	98.0	105.6	102.0	106.6	102.9	105.0	101.8
December	101.0	97.9	89.9	104.4	98.3	99.7	105.9	102.1	106.8	103.2	105.3	101.8
Annual Average	100.3	98.3	93.8	104.4	94.5	99.8	106.2	101.5	106.1	102.7	105.2	101.4
1956 January	101.1	97.5	88.4	104.9	98.5	99.7	105.7	102.2	106.8	103.7	106.0	101.9
February	101.1	97.3	88.0	104.9	96.9	101.5	105.3	102.4	107.1	104.3	106.0	101.9
March	101.1	97.0	87.4	104.9	96.0	101.7	105.8	102.6	107.2	104.4	106.0	102.0
April	101.0	97.0	87.2	104.9	94.7	102.4	106.4	102.6	107.5	104.5	106.1	102.0

	HOUSING (continued)		APPAREL			TRANSPORTATION	SUNDRIES	PURCHASING VALUE OF DOLLAR	REBASED INDEXES		
	Furnishings, Equipment	Other Household Operations	Total	Men's Apparel	Women's Apparel				All Items (January 1939=100)	Purchasing Value of January, 1939 Dollar	All Items (1947-49 = 100)
1954 October	98.6	100.4	99.0	99.4	98.6	100.1	101.1	100.0	181.6	55.1	113.8
November	98.7	100.5	99.0	99.4	98.6	100.2	101.2	100.0	181.6	55.1	113.8
December	98.6	100.5	98.9	99.3	98.5	99.9	101.3	100.2	181.2	55.2	113.6
Annual Average	98.9	100.3	99.2	99.5	98.9	100.1	101.0	99.8	182.0	54.9	114.1
1955 January	98.3	100.5	98.8	99.3	98.3	100.0	101.3	100.1	181.5	55.1	113.7
February	98.0	100.5	98.8	99.3	98.2	100.1	101.3	100.1	181.5	55.1	113.8
March	98.1	100.7	98.9	99.2	98.4	100.3	101.3	100.0	181.7	55.0	113.9
April	98.3	100.7	98.9	99.2	98.4	100.2	101.5	99.9	181.8	55.0	113.9
May	98.2	100.8	98.8	99.2	98.3	100.4	101.6	99.8	181.9	55.0	114.0
June	98.2	100.6	98.8	99.2	98.2	101.3	101.8	99.8	182.1	54.9	114.1
July	98.0	100.7	98.9	99.2	98.2	100.5	102.1	99.7	182.1	54.9	114.1
August	98.3	101.0	99.2	99.6	98.5	100.6	102.3	99.7	182.2	54.9	114.2
September	98.4	101.2	99.3	99.7	98.6	100.9	102.6	99.5	182.5	54.8	114.4
October	98.7	101.4	99.4	99.6	98.7	101.3	102.7	99.3	182.9	54.7	114.6
November	98.9	101.5	99.3	99.7	98.4	102.9	102.7	99.3	182.9	54.7	114.7
December	99.2	101.7	99.3	99.7	98.3	104.7	102.9	99.0	183.4	54.5	114.9
Annual Average	98.4	100.9	99.0	99.4	98.4	101.1	102.0	99.7	182.2	54.9	114.2
1956 January	99.3	102.0	99.3	99.8	98.0	105.8	103.1	98.9	183.6	54.5	115.0
February	99.5	102.1	99.3	99.9	98.1	105.3	103.4	98.9	183.6	54.5	115.0
March	99.4	102.3	99.4	99.9	98.2	105.1	103.7	98.9	183.6	54.5	115.0
April	99.3	102.2	99.6	100.1	98.3	104.4	103.7	99.0	183.5	54.5	115.0

Consumer Price Index—United States

Annual averages 1914-1955[a]

1953 = 100

Year	All Items	Purchasing Value of Dollar	Year	All Items	Purchasing Value of Dollar	Year	All Items	Purchasing Value of Dollar	Year	All Items	Purchasing Value of Dollar
1914	40.3	248.1	1925	67.8	147.5	1935	53.6	186.6	1945	70.2	142.5
1915	40.0	250.0	1926	68.3	146.4	1936	54.8	182.5	1946	74.9	133.5
1916	43.0	232.6	1927	66.9	149.5	1937	57.2	174.8	1947	84.7	118.1
1917	51.3	194.9	1928	65.9	151.7	1938	55.7	179.5	1948	90.1	111.0
1918	59.5	168.1	1929	65.6	152.4	1939	55.0	181.8	1949	88.8	112.6
1919	67.6	147.9	1930	63.4	157.7	1940	55.4	180.5	1950	90.0	111.1
1920	77.8	128.5	1931	57.0	175.4	1941	58.3	171.5	1951	97.0	103.1
1921	66.8	149.7	1932	50.9	196.5	1942	64.5	155.0	1952	99.5	100.5
1922	63.6	157.2	1933	49.0	204.1	1943	68.2	146.6	1953	100.0	100.0
1923	65.4	152.9	1934	51.8	193.1	1944	69.1	144.7	1954	100.2	99.8
1924	66.1	151.3							1955	100.3	99.7

a Indexes from 1914 through 1919 are for the month of July only and are not annual averages.

Consumer Price Indexes for Individual Cities

These indexes show changes in consumer prices only. They do NOT show intercity differences in price level or standards of living.

Cities Surveyed Monthly

	1953 = 100			Percentage Changes	
	Apr. 1956	Mar. 1956	Apr. 1955	Mar. 1956 to Apr. 1956	Apr. 1955 to Apr. 1956
Chicago					
All Items	103.6	103.8	102.2	−0.2	+1.4
Food	98.8	98.1	99.8	+0.7	−1.0
Housing	108.1	107.8	105.8	+0.3	+2.2
Apparel	100.3	100.2	98.5	+0.1	+1.8
Transportation	103.3	106.6	101.1	−3.1	+2.2
Sundries	106.3	106.7	103.1	−0.4	+3.1
Houston					
All Items	100.8	100.9	100.3	−0.1	+0.5
Food	96.7	97.3	99.2	−0.6	−2.5
Housing	102.3	102.2	101.2	+0.1	+1.1
Apparel	99.6	99.6	99.6	0	0
Transportation	104.4	104.6	99.2	−0.2	+5.2
Sundries	102.3	102.1	101.5	+0.2	+0.8

	1953 = 100			Percentage Changes	
	Apr. 1956	Mar. 1956	Apr. 1955	Mar. 1956 to Apr. 1956	Apr. 1955 to Apr. 1956
Los Angeles					
All Items	100.2	99.7	99.6	+0.5	+0.6
Food	96.6	94.8	96.7	+1.9	−0.1
Housing	101.1	101.1	101.4	0	−0.3
Apparel	99.0	98.9	99.2	+0.1	−0.2
Transportation	103.2	103.1	100.7	+0.1	+2.5
Sundries	102.1	102.2	100.3	+0.1	+1.8
New York					
All Items	101.0	101.2	100.7	−0.2	+0.3
Food	96.5	96.8	98.5	−0.3	−2.0
Housing	103.2	103.3	102.0	−0.1	+1.2
Apparel	98.1	98.3	98.3	−0.2	−0.2
Transportation	113.0	113.0	108.2	0	+4.4
Sundries	102.6	102.7	101.4	−0.1	+1.2

Cities Surveyed Quarterly

	1953 = 100			Percentage Changes	
	Apr. 1956	Jan. 1956	Apr. 1955	Jan. 1956 to Apr. 1956	Apr. 1955 to Apr. 1956
Birmingham					
All Items	99.8	100.9	99.8	−1.1	0
Food	94.7	96.2	98.0	−1.6	−3.4
Housing	101.6	101.8	101.1	−0.2	+0.5
Apparel	100.3	99.9	98.7	+0.4	+1.6
Transportation	97.3	103.0	98.9	−5.5	−1.6
Sundries	106.1	105.6	101.8	+0.5	+4.2
Bridgeport					
All Items	101.5	101.2	99.7	+0.3	+1.8
Food	97.6	97.4	98.1	+0.2	−0.5
Housing	101.8	101.0	100.2	+0.8	+1.6
Apparel	101.3	99.5	98.7	+1.8	+2.6
Transportation	105.3	107.3	100.6	−1.9	+4.7
Sundries	104.9	104.3	101.6	+0.6	+3.2
Cincinnati					
All Items	102.1	102.2	100.1	−0.1	+2.0
Food	97.1	96.6	97.8	+0.5	−0.7
Housing	104.0	103.8	102.6	+0.2	+1.4
Apparel	101.8	101.2	99.5	+0.6	+2.3
Transportation	102.7	106.3	98.7	−3.4	+4.1
Sundries	107.1	105.6	101.5	+1.4	+5.5
Erie					
All Items	101.9	101.8	100.1	+0.1	+1.8
Food	98.3	98.2	95.8	+0.1	+2.6
Housing	102.4	102.3	102.2	+0.1	+0.2
Apparel	100.0	99.4	99.9	+0.6	+0.1
Transportation	102.8	103.2	97.9	−0.4	+5.0
Sundries	107.1	106.8	104.9	+0.3	+2.1
Grand Rapids					
All Items	102.3	102.0	100.5	+0.3	+1.8
Food	99.7	99.7	99.9	0	−0.2
Housing	102.7	102.5	101.2	+0.2	+1.5
Apparel	102.2	101.5	99.7	+0.7	+2.5
Transportation	103.0	102.9	99.8	+0.1	+3.2
Sundries	105.0	104.1	101.2	+0.9	+3.8
Minn.-St. Paul					
All Items	102.3	101.8	100.8	+0.5	+1.5
Food	100.6	100.4	98.7	+0.2	+1.9
Housing	102.9	102.7	102.1	+0.2	+0.8
Apparel	100.6	100.7	100.9	−0.1	−0.3
Transportation	102.9	100.5	100.2	+2.4	+2.7
Sundries	103.1	102.9	101.0	+0.2	+2.1

	1953 = 100			Percentage Changes	
	Apr. 1956	Jan. 1956	Apr. 1955	Jan. 1956 to Apr. 1956	Apr. 1955 to Apr. 1956
Newark-N. E., N. J.					
All Items	99.7	100.5	99.2	−0.8	+0.5
Food	97.2	98.5	98.6	−1.3	−1.4
Housing	100.8	101.0	99.7	−0.2	+1.1
Apparel	98.3	97.4	98.2	+0.9	+0.1
Transportation	101.9	104.5	97.0	−2.5	+5.1
Sundries	101.8	102.5	101.4	−0.7	+0.4
New Orleans					
All Items	101.6	101.8	101.6	−0.2	0
Food	100.7	101.2	102.4	−0.5	−1.7
Housing	102.5	102.9	102.1	−0.4	+0.4
Apparel	100.9	100.7	99.1	+0.2	+1.8
Transportation	98.0	98.6	98.1	−0.6	−0.1
Sundries	104.9	104.4	103.3	+0.5	+1.5
Philadelphia					
All Items	99.9	100.4	99.5	−0.5	+0.4
Food	95.9	96.6	98.2	−0.7	−2.3
Housing	100.5	100.8	99.6	−0.3	+0.9
Apparel	99.6	99.2	98.2	+0.4	+1.4
Transportation	105.3	107.4	102.3	−2.0	+2.9
Sundries	103.1	103.3	101.1	−0.2	+2.0
Roanoke					
All Items	99.3	99.6	98.8	−0.3	+0.5
Food	94.8	95.0	96.4	−0.2	−1.7
Housing	101.4	101.6	100.7	−0.2	+0.7
Apparel	98.4	96.7	96.9	+1.8	+1.5
Transportation	103.4	105.8	98.6	−2.3	+4.9
Sundries	100.2	100.0	100.6	+0.2	−0.4
Seattle					
All Items	101.8	101.4	99.9	+0.4	+1.9
Food	100.1	99.2	99.6	+0.9	+0.5
Housing	101.3	100.5	99.8	+0.8	+1.5
Apparel	99.7	98.9	98.7	+0.8	+1.0
Transportation	101.8	103.2	98.7	−1.4	+3.1
Sundries	106.1	105.7	102.0	+0.4	+4.0
Syracuse					
All Items	100.6	100.3	99.8	+0.3	+0.8
Food	96.2	96.1	97.9	+0.1	−1.7
Housing	102.5	101.4	100.6	+1.1	+1.9
Apparel	101.3	100.8	99.2	+0.5	+2.1
Transportation	103.5	104.9	100.5	−1.3	+3.0
Sundries	101.8	101.9	101.5	−0.1	+0.3

and tobacco 1.3%. The rise in transportation was due largely to increased costs for public transportation.

Meats During the Year

The accompanying chart presents the movements, since April, 1955, of selected meat groups within the meat, fish, and poultry index. As is evident from the chart, prices for meat are substantially below last year. After a slight rise last July, this index fell steadily from August, 1955, to April, 1956, following the steep downgrade of pork prices.

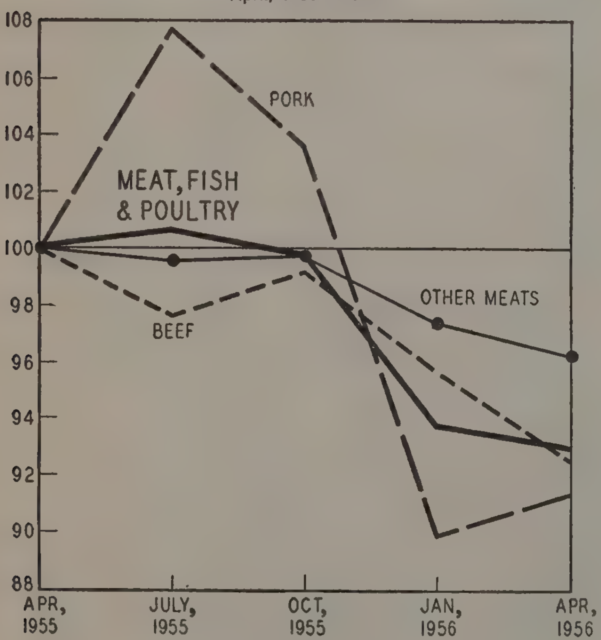
Fluctuations of pork have generally followed the prices received by farmers for hogs. The smaller number of hogs slaughtered during the spring of 1955 caused a 7.8% jump in retail pork prices during July. But increased hog slaughterings in August sent hog and then pork prices down. Since the beginning of this year, hog prices have become firmer with the resultant upturn of pork at the consumer level in April.

The beef and other meat indexes also established downward trends during the year, but their movements did not match the steep decline of pork. Compared with hogs, the slaughter of beef cattle, although high, remained more stable during 1955. Beef prices did not show the sharp fluctuations which marked pork. Lower prices for beef cattle during the latter part of 1955, following the higher number of cattle slaughtered in September, made beef a good buy for the kitchen table.

The other meats index remained stable compared to pork and beef. Processed and packaged meats usually are not as sensitive to changing prices for cattle on the hoof as are fresh meats.

Meat, Fish, and Poultry Index and Selected Subgroups

April, 1955=100



HARRY S. DENNING
Statistical Division

New Reserve Act

(Continued from page 193)

And a large industrial machinery company writes:

> "It is probable that we will continue our policy of allowing employees time off to attend National and State Guard maneuvers, annual training encampments, naval training cruises, etc. We will probably continue to grant 'make-up pay' at the employee's base rate for periods up to two weeks. It appears certain that we should expect our employees to be away from their jobs for considerably longer periods of summer field training each year. This will involve increased cost to us in the loss of the man's production but would not result in a greater direct payment to him to supplement the time he spends in military activities."

Reemployment Rights and Leave Bonuses

Persons who take three to six months of active duty for training are not technically regarded as members of the active forces. Therefore, they are not eligible for the same benefits accruing to persons who are drafted or enlist for two or more years of active service. They do, however, have substantially the same reemployment rights as provided for regular veterans in the Universal Military Training and Service Act.

Under the Reserve Forces Act of 1955, a reservist on training duty is entitled to a leave of absence and reinstatement in his job without loss of seniority, status or pay level. He must apply for reinstatement within thirty days of release from training duty.

A six-month trainee, like a regular inductee, has reemployment rights to his former position or one of like seniority, status and pay. He has sixty days, however, to apply for his reinstatement after release from training or from hospitalization that continues for six months after release, while the regular inductee has ninety days. He is protected against discharge, except for cause, for six months after his restoration, while the regular inductee is protected for one year.

Most of the thirty-six companies still have some form of bonus plan dating from World War II or the Korean emergency for employees entering prolonged periods of service. Again, few definite decisions have been made regarding the disposition of this type of bonus under the terms of the new act. Preliminary feelings about it are quite strong, however, particularly as it might apply to those taking advantage of the short-term training options. Consider the following opinions:

Industrial machinery company—"We will probably want

to eliminate the 'enlistment bonus.' This was adopted originally as a wartime measure, and to a large extent was to compensate for patriotic sacrifice that the man could not anticipate. The present-day military service requirements are becoming a part of a planned career for every young man. If we were to continue our policy of granting an enlistment bonus we would be adding considerably to the already high liability the company assumes when it hires a draft-eligible young man. To continue our policy in this regard without change would mean that we would grant a six months' trainee the same enlistment bonus as a man who leaves active employment to serve a full three- or four-year period."

Precision instruments company—"It appears at the moment that the only change that will be made . . . is to reduce the amount of the military-service allowance paid at the time of leaving. A special reduction will be made in the case of people leaving for military service on the six-month tour of duty in connection with the new reserve program."

Two companies have already made specific changes regarding this practice.

Insurance company—"*Employees under eighteen and one-half years of age:* a) Military Allowances—Inasmuch as these individuals spend only six months on active duty as compared with two years spent by our other employees, it is felt that the offer of a military allowance should be limited. Our present military offer provides a military allowance of up to three times the difference between monthly company pay and government base pay, depending upon the length of the employee's company service. The military allowance to these individuals will be limited to the difference for one month between company pay and government pay and to those employees who shall have completed at least six months' company service prior to beginning active military duty." (The same change will apply to ROTC graduates required to serve only six months of active duty.)

Chemical company—"The most important [change] was to eliminate the one-month base pay to employees leaving our company for active duty with the Armed Forces. It was true that during the Korean emergency many married employees with families were ordered into active military service and given very little time to make the transition from civilian to military life. To facilitate their entry into service we granted one month's base pay at time of placing them on leave. As you know, men entering military service now seldom have dependents and almost invariably know well in advance as to their date of departure and can prepare accordingly."

On the other hand, attesting to the wide range of thinking on the subject, the new plans of two other companies reflect a completely different attitude toward the bonus.

Chemical company—"We consider men who enter the new three to six months 'critical skills' program to come under our regular policy covering men who enter the Armed Forces for service as well as training. . . . Men with six months' service or more with the company receive one month's base pay at the time they enter service. They also receive the company publication, a Christmas gift, etc. In event of death while in service, they would be entitled to a $2,000 death benefit."

Petroleum company—"1. The provisions of our Military Leave of Absence and Job Restoration Plan which are not required by law will be provided for persons enlisting for three months (critical occupations), or six months under the Ready Reserve program." (The company allows employees with one or more years of company service one month's pay upon entering service and one month's pay upon restoration to employment.)

"2. Employees with three or more months of company service can receive the difference between their normal rate and what they receive from the Armed Forces during summer training periods. The pay allowance is paid for twenty-one days per calendar year.

"3. Employees will be excused without pay to attend weekly drill sessions.

"4. A leave of absence without pay will be granted to employees subject to the forty-five days' compulsory training because they failed to comply with the Ready Reserve training requirements."

A third attitude is expressed in the thinking of a spokesman for another large chemical company.

"We are having some difficulty making up our minds as to what to do with the six months' training period. We see definite advantages in helping employees in the critical skills classification and those who are required to engage in six months' training on the basis of ROTC. However, we are not very enthusiastic about giving equal treatment to the less-than-eighteen-and-one-half-year-old enlistees who go for six months' training. We have also not decided whether such recognition would be in the form of a specific allowance or some sort of make-up pay during the period when the employee is taking his training, but our present thoughts are in the direction of part pay so that government earnings plus part pay from the company will be approximately 50% of the employee's normal earnings from the company, with a minimum say of $50 a month. Our present thinking is to confine such treatment to those in the critical skills and ROTC classifications."

One company has drafted the following proposed policy regarding its opportunity to apply for special training considerations for certain essential employees. Although unofficial as yet, it expresses the company's current philosophy:

"It is the policy of [the company] to recognize the nation's need for maintaining an adequate military organization, both active and reserve, and therefore to request deferments only for those employees deemed essential to our operations having to do with defense production programs. [The company] will also maintain continuing communication with the employees in military service and will provide employment opportunities for those returning from duty in accordance with legal and moral obligations."

The new, but tentative, leave program of this company follows:

"[The company] desires to cooperate with recognized

military organizations in making it possible for qualified employees to participate in short-term training programs. Accordingly, the policy of the corporation for the year 1956 will be as follows:

"1. Leaves of absence will be granted to employees to cover required participation in short-term training activities of recognized military organizations. Any employee desiring such leave is requested to consult his superior before making definite plans.

"2. In order to maintain base earnings of qualified employees who attend such encampments, supplemental pay will be granted where necessary. The amount of supplemental pay will be the difference between an employee's regular (company) pay at base rates and his military base pay plus longevity pay for the period covered by the leave of absence. Supplemental pay will be granted to employees where all of the following conditions have been met:

"a. They have been in continuous employ of the corporation since April 1, 1956.

"b. They have been members of the military units involved since April 1, 1956.

"c. The military base pay plus longevity pay is less than (company) base pay for the period covered by the leave of absence.

"The maximum period for which supplemental pay will be granted is two weeks.

"3. When a period of training coincides with an employee's regularly scheduled vacation, the employee may request an alternative vacation time. An employee who engages in such training during his regular vacation period will receive any supplemental pay due him regardless of the fact that he is paid for his vacation.

"4. It is to be understood that this policy applies for the year 1956 only. Before establishing a policy for later years, it will be necessary to review the number of employees involved, the cost, and the effect of such policy on production schedules."

Department of Defense Reserve Awards

All this would seem to indicate that companies (if those surveyed are representative) are recognizing the impact of the new reserve act as well as their responsibilities to make the necessary adjustments and allowances in their own programs. Many of the present programs may be tentative but with summer military leaves coming up, more changes may be in the immediate offing. And this summer of 1956 may tell a more definitive tale. But, as yet, just how far companies will go in meeting the desired aims of cooperation set forth by the Department of Defense still remains to be seen.

Recalling the World War II "E" Awards, the Department of Defense has again authorized an award to be issued to organizations that render conspicuous cooperation in their policies relating to reservists and reserve activities. In order to be eligible for the award (which is a bronze plaque and a pennant attesting to its possession), an organization must:

1. Have policies in support of reserve activities such as—

a. Leave, in addition to regular leave, for annual reserve tours of duty or emergency duty, with pay or with difference in pay between military pay and pay by the organization.

b. Personnel policies and procedures, including hiring, promotion or transfer of reservists without discrimination.

c. Assistance to reservists in making scheduled training.

d. A demonstrated interest in reserve activities.

2. Give organizational support to reserve activities through use of—

a. Such facilities as bulletin boards, meeting rooms, training aids and transportation.

b. Company news media, exhibits, and advertising in newspapers, radio, television and other media.

JOHN O'BRIEN
Division of Personnel Administration

Disability Pensions

(Continued from page 197)

extreme case is the plan which provides a disability pension if the employee cannot perform his *normal* duties satisfactorily; the fact that there might be other jobs in the company and many jobs outside the company which he can do is ignored.

Less extreme is the plan which gives a disability benefit to an employee who cannot handle *any* available job in the company. In some cases the employee's subsequent earning power in other companies is ignored. In other cases, the restriction is added that he be able to perform only "light work" once he leaves the company.[1]

The Union's Role

Despite the fact that unions have played an important role in the adoption of disability pensions, they have little to do with decisions concerning the extent of an employee's disability. The union can play a part in awarding a disability pension in two somewhat different ways. First, the union may be represented on the pension committee that administers the plan. But only eight of the 114 unionized companies with disability pensions studied by THE CONFERENCE BOARD have union officials on the pension committee. Second, disputes concerning the worker's disability can be subject to the grievance procedure. About one-third of the 114 unionized companies with disability pensions allow formal union participation in this way.

[1] The Princeton study (*13*) contains a full description of problems encountered in administering a disability pension based on the various definitions of "total and permanent disability."

Medical Evidence

Practically all companies with disability pensions use medical evidence in awarding such a benefit. In most companies, a company-appointed doctor must participate in the medical examination. Only twenty-one companies, or 16%, of a group of 132 studied by The Conference Board are willing to accept the opinion of the employee's doctor alone. On the other hand, about 55% use the company doctor as the sole source of medical evidence. In the remaining thirty-five companies both the company doctor and the employee's doctor present evidence; and thirteen of these specifically provide that a third doctor will be called in if the two doctors cannot reach agreement.

The Waiting Period

It is sometimes difficult to determine whether a disability is permanent or temporary. Furthermore, it takes time to process and evaluate applications for a disability pension. For these reasons, many companies require that the employee be disabled for a certain period of time before the disability pension begins.

Among the plans studied by The Conference Board, 20% do not require this waiting period and 20% have no particular policy. The other 60% make a disabled employee wait anywhere from one month to a year before the disability pension begins. The most common arrangement in the seventy-three plans with waiting periods is six months; this is found in forty-six plans. Undoubtedly this six-month period was chosen, in part, to coincide with the usual duration (twenty-six weeks) of temporary disability benefits, such as group insurance and paid sick leave.

The only other common waiting period (found in seventeen companies) is one specifically geared to the duration of temporary disability payments. This arrangement is particularly advantageous to the employee, of course, because temporary benefits invariably are larger than the disability pension benefit. In the Princeton study *(13)* it was found that practically all companies allow the employee to use up his temporary benefits before the disability pension begins.

Review of Pensioned Employee

Most companies with disability pensions provide that the pensioned employee must submit to a review of his case if the company requests it. In this way they can check on the physical condition and earning

References

This article is based on the pension surveys and two special studies of disability pensions listed below in chronological order. These are all the major surveys made since 1925 that include detailed information about disability benefits. They are designated in the text by the number shown here.

(1) "Industrial Pensions in the United States," National Industrial Conference Board, New York, 1925. Describes every formal pension plan in existence in 1925.

(2) "Industrial Pension Systems," by Murray W. Latimer, Industrial Relations Counselors, New York, 1932. Includes all private plans in existence in 1929 and in 1932.

(3) "Trends in Industrial Pensions," by Murray W. Latimer and Karl Tufel, Industrial Relations Counselors, New York, 1940. (347 plans established or revised, 1932-39)

(4) "Company Pension Plans and the Social Security Act," *Studies in Personnel Policy*, No. 16, National Industrial Conference Board, New York, 1939. (275 companies covered by Social Security Act in 1939)

(5) "Trends in Company Pension Plans," *Studies in Personnel Policy*, No. 61, National Industrial Conference Board, New York, 1944. (339 companies surveyed in 1943)

(6) "Permanent and Total Disability Benefit Provisions in Industrial Retirement Plans," Bureau of Old Age and Survivors' Insurance, Federal Security Agency, Washington, D. C., 1950. (275 plans analyzed in 1949)

(7) "A Study of Industrial Retirement Plans," Bankers Trust Company, New York, 1950 edition. (228 plans established or amended in 1948-50)

(8) "A Study of Industrial Retirement Plans," Bankers Trust Company, New York, 1953 edition. (314 plans established or amended in 1950-52)

(9) "Pension Planning Experience and Trends," by Walter J. Couper and Roger Vaughn, Industrial Relations Counselors, New York, 1954. (550 companies surveyed in 1952)

(10) "Pension Plans under Collective Bargaining," Bulletin 1147, Bureau of Labor Statistics, Washington, D. C., 1953. (300 negotiated plans analyzed in 1952)

(11) "Retirement of Employees," *Studies in Personnel Policy*, No. 148, National Industrial Conference Board, New York, 1955. (327 companies surveyed in 1954)

(12) "Pension Plans and Their Administration," *Studies in Personnel Policy*, No. 149, National Industrial Conference Board, New York, 1955. (327 companies surveyed in 1954; detailed analysis of 124 plans)

(13) "Disability Retirement in Industrial Pension Plans," by W. M. Blumenthal, Industrial Relations Section, Princeton University, 1956. (127 companies surveyed in 1955)

power of the employee to determine whether the disability pension should be cut or discontinued. Only 16% of the plans studied by The Conference Board state that a disabled employee is never re-examined after being awarded a disability pension. Half of the 103 plans that do review disability cases have no set policy about the frequency of review. The other half are split about evenly between reviewing annually and semiannually, with two companies making a review each quarter.

DISABILITY PENSION FORMULAS

The formulas used to calculate a disability pension show at least as much variation as those used to compute the normal retirement pension. However, the three basic patterns into which disability formulas fall are illustrated in the fifty-three disability plans included in the recent Conference Board study *(12)*.[1]

Actuarially Reduced

Twelve plans actuarially reduce the pension accrued at the time of disability. Ten of these use the full actuarial reduction, although in two cases the reduction is blunted by a bargained minimum of $50 and $80 per month. Two plans use an actuarial factor which apparently is less than the full reduction needed to take account of the extra years that the disability pension must be paid.

Normal Pension Formula

Seventeen plans merely apply the normal pension formula to determine the disability pension. All but four of these plans compute the pension as a "per cent of compensation x years of service." The other four use "dollars per year of service." The disability pension is less than would be received at normal retirement because no service is counted after the disability date. But, in contrast to the first group, no actuarial reduction is made because the pension must be paid during these extra years. Furthermore, the plans which use the normal formula are characterized by a minimum pension. And this generally provides a larger benefit than would result from the basic formula alone. Only six of these seventeen plans do not have a minimum disability pension.

Special Disability Formula

Twenty-four plans use a special disability formula which is quite different from the normal pension formula. In all but eight plans, the special formula is used to determine the benefit only until age sixty-five; then the disability pension is recomputed according to the normal pension formula. These special disability formulas fall into the following groups:

- Seven provide a flat-dollar benefit per year of service; at age sixty-five this disability pension is recomputed using the normal formula. All but one of the seven plans provide a minimum prior to age sixty-five; and all but two provide a minimum after sixty-five. The flat-dollar benefit is typical of settlements in steel and auto. For example, Ford and General Motors provide a monthly disability pension of $4.50 per year of service until age sixty-five when the formula becomes $2.25 per year of service.
- In eight plans, all bargained, the monthly disability pension is a flat sum, usually $50 until age sixty-five. At sixty-five this is recomputed using the normal pension formula, except in three plans. In effect, the flat sum is a minimum, but at sixty-five the normal-pension minimum takes effect.
- Another four plans, all bargained, compute the disability pension by applying a "per cent of pay x years of service" formula that is different than the per cent used for the normal pension. Three plans recompute at sixty-five; two provide a minimum of $75 per month until sixty-five.
- The remaining five plans include one plan with a disability pension of one-third of the average salary earned in the five years prior to retirement; one is based on total earnings in the company; one is based primarily on length of service; and two provide a percentage (70% and 90%) of the normal retirement formula. Three of the plans have minimum pensions.

[1] Formulas found in two other recent studies *(9)* and *(13)* apparently fit these general patterns. Although different classifications are used, the prevalence of each pattern seems about the same as indicated above.

COORDINATION WITH GOVERNMENT BENEFITS

Although the disability pension may begin long before sixty-five, the age at which the disabled employee is eligible to receive his primary benefit from the Social Security system is still of crucial importance to the over-all adequacy of a disability pension. Among the fifty-three disability pensions discussed above, the OASI benefit at sixty-five is treated in three basic ways.

Thirty-one of the fifty-three plans simply ignore the Social Security benefit. The company disability pension remains the same from the time of disability until death. At sixty-five, the OASI benefit is simply added to the company pension. This method is used by all of the actuarially reduced pensions, thirteen of the seventeen normal-formula benefits and six of the twenty-four special disability pensions.

At the other extreme are eight plans in which the basic formula remains the same from disability to death—but the OASI benefit is deducted from the company pension after age sixty-five. Four plans use the normal pension formula and four a special disability formula in the basic calculation. For practical purposes, the OASI benefit can be considered a substitute for the company disability pension after sixty-five in these plans.

The remaining fourteen plans use the method which usually is associated with bargained disability pensions in basic industry. The Ford and General Motors benefit is a typical arrangement. At sixty-five the disability pension is computed according to the normal pension formula; and the OASI benefit is added to

this. But prior to sixty-five, the disability pension is computed by a special formula which provides a larger benefit than the normal formula. The general idea is to provide approximately the same level of benefits from disability to death, based on a normal pension and Social Security benefits. But until Social Security benefits are available, a special company benefit fills the gap.

Although the payment of federal disability pensions under the Social Security Act has been debated in Congress at least since 1948, only eighteen of the fifty-three disability pensions specifically mention the possibility of such benefits in the contracts and booklets upon which this analysis is based. All eighteen plans are bargained. All provide that any federal disability benefit shall be subtracted from the company disability pension. These eighteen plans include eight of the seventeen plans which use the normal pension formula and ten of the twenty-four plans with a special disability formula. None of the twelve plans based on an actuarially reduced normal formula mention federal disability benefits.

The other governmental disability benefit for which an employee may be eligible is workmen's compensation. All but one of the fifty-three plans pay company disability for work-connected injury, and only sixteen plans deduct the workmen's compensation benefit from the company pension.

MINIMUM DISABILITY PENSIONS

For many employees who become eligible for a disability pension, the minimum benefit controls the size of the pension actually received. This would be true generally if the disability pension is the actuarial equivalent of the accrued pension. And the minimum probably would be decisive under any type of formula if the disabled employee has only relatively short service.

Twenty-four of the fifty-three disability plans discussed specify a minimum disability benefit.[1] The presence of a minimum pension depends to a large extent on the type of formula used to compute the regular disability pension. Only two of the actuarially reduced formulas have a minimum but eleven of the seventeen which use the normal pension formula have one. Eleven of the twenty-four special disability formulas provide a minimum; and to these might be added the six plans which pay a flat monthly sum.

Only in seven of the twenty-four plans with a minimum does the initial minimum hold for life. In the other plans, the minimum changes at age sixty-five because of the recomputation according to the normal formula and normal minimum.

The most common minimum benefit is $50 per month, which is provided in ten plans. Two other recent studies have also found this preponderance of a $50 minimum. In one case *(13)* about two-thirds and in the other case *(9)* about 40% of the plans specify this minimum.

HARLAND FOX
Division of Personnel Administration

[1] A study done in 1952 *(9)* found 44% of 125 plans with a minimum; and a study of seventy-four plans in 1955 *(13)* found 63% with a minimum.

Productivity

(Continued from page 205)

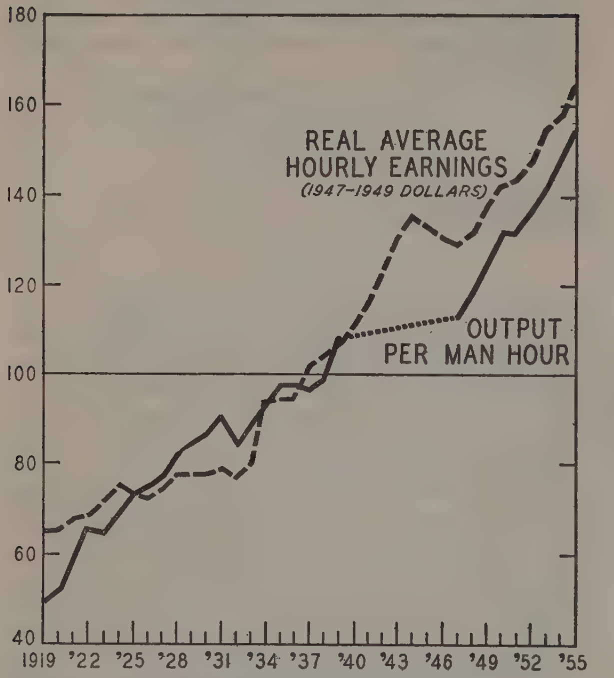
from a representative sample of manufacturing industries. And it is impossible to determine whether the individual reporting firms are typical of their industries. The years for which data are available were characterized by unusual problems of postwar reconversion.

Furthermore, the products for which unit man-hour requirements were compiled were, of necessity, relatively standardized products. Important changes in either products or production processes would not have yielded comparable reports on unit man-hour requirements from year to year; yet such changes are the very nub of productivity gains. In consequence, average man-hour requirements for industries and selected products, interfirm differences, and year-to-year movements are all subject to biases of selection—of industries, firms, and products—as well as errors in reporting. Nevertheless, certain patterns of variation and trend in unit man-hour requirements recur frequently enough to suggest that they are meaningful reflections of the relationship between productivity and the characteristics of firms and their output.

Where comparisons were possible between large and small plants, the larger plants generally showed lower unit man-hour requirements than the smaller. This was especially true for direct labor (production and related workers). In some instances, the lower unit man-hours of direct labor among larger plants was at least partially offset by higher unit man-hours of indirect labor. There is, however, little evidence that the trend in unit man-hours was more favorable among larger plants than among smaller. Among twelve industries, three showed larger plants improving their productivity more rapidly than smaller plants; three showed a better performance by smaller plants; and six revealed no consistent relationship between trends in unit man-hour requirements and the size of plant.

The type of products and the range of products that various firms produced had a strong bearing upon their man-hour requirements. Within each industry, from 1939 to the postwar years, the trend in unit man-hour requirements for various products diverged markedly. In general industrial equipment, for example, unit man-hour requirements on the whole declined 13% between 1939 and 1948. But changes in

Real Wages and Output per Man-Hour



Manufacturing industries, index numbers: 1935-'39=100
Sources: Bureau of Labor Statistics; Federal Reserve Board; The Conference Board

unit man-hour requirements in the output of specific items of equipment ranged from a decline of 46% to an increase of 80%. Similarly, the trend for all footwear declined 3% between 1939 and 1948; but for individual types of shoes, it ranged from —22% to +8%. Obviously, the type of products turned out by a specific plant played a major role in determining its own ratio of output to labor input.

The diversity of products that made up a plant's total output also affected its productivity trend. If plants having a limited line of closely related products are compared with plants having a broad line of diversified products—all in the same industry—there is some evidence that the more specialized plants achieved greater reductions in unit man-hour requirements. In the household electrical appliance industry, for example, the more specialized plants realized a 16% decline in unit man-hours between 1939 and 1948; while the more diversified plants only achieved a 4% decline. (Most of the difference was in the input of indirect labor.) In the radio industry, on the other hand, there was no discernible relationship between changes in productivity and the degree of product-mix.

Unit man-hour requirements also showed the effect of changes in the level of output and in the percentage of utilization of capacity. In general, operations at a higher per cent of capacity made possible a reduction in the man-hours per unit of output. This was evidenced in both process industries (i.e., synthetic rubber) and assembly-line industries (i.e., household electrical appliances). But as operations approached 100% of capacity, unit man-hour requirements often rose.

Changes in unit man-hours were similarly related to changes in the level of output. Typically, plants were able to reduce their unit man-hour requirements if their output was raised; while their requirements were reduced somewhat less, or even increased, if output was reduced.

The rate of investment in fixed capital registered, perhaps, the most striking effect upon productivity. In the household electrical appliance and machine tool industries, for example, companies that installed machinery, equipment and plant above the replacement rate between 1939 and 1948 were able to reduce their unit man-hour requirements, while plants whose replacement rate fell below this actually suffered increased man-hour requirements. And in the construction machinery and mining machinery industries, plants which made major improvements in plant, equipment, layout or work methods realized a 10% saving in unit man-hour requirements; other plants realized no gains or they experienced increases.

Productivity and Wages

Since productivity provides the wellspring from which wages are drawn, it is clear that wages and productivity are closely related. Thus, trends in output per man-hour and in real wages roughly tend to move in parallel. (See chart.)

The structure of wage rates, however, encompasses a significant range of differentials, reflecting industrial, occupational, and regional considerations. And given the myriad diversities that are concealed by the average trend in output per man-hour, any direct linking of wage rates with specific changes in productivity would quickly disrupt the entire wage structure.

Insofar as the rising trend of productivity reflects a shift in output and employment toward industries of higher-than-average productivity, such gains are automatically reflected in average hourly earnings. For example, because of the increasing importance of durable goods production, output per man-hour in manufacturing industries has increased; and to this extent, earnings in manufacturing industries have also risen as a larger proportion of workers have found employment in the higher-paid durable goods industries.

Perhaps the most significant aspect of the historical parallel between real wages and output per man-hour is that it was not achieved through any explicit formula for the sharing of productivity gains. Rather, it has come about as the net result of competitive forces, operating in the areas of *both* wages and price determination, over a long period characterized by industrial expansion and economic growth.

Milton Lipton
Division of Business Economics

Wage Increases Keep Pace

Seven and one-half cents is the average increase in both the United States and Canada. Other similarities in the wage pattern of the two countries will also be noted

UPWARD ADJUSTMENTS in pay rates continue to be the dominant feature of collective bargaining contracts, according to THE CONFERENCE BOARD's monthly wage adjustment survey. During the mid-April to mid-May period, 100 settlements were confirmed and tabulated in this country and twenty-seven in Canada. Of this total, all but two show advances in wage rates. The increases range from 5 cents to 19.5 cents in the United States and from 3 cents to 25 cents in Canada. Percentage increases are reported in thirty settlements, or roughly one-fourth of the total. The range here is from 3% to 22% in the United States and from 1% to 9% in Canada.

In both the United States and Canada, three-fourths of the increases fall in the 5-to-10.9-cent range. (The distribution of the United States settlements is shown in the accompanying chart.) The average increase in both countries is about 7.5 cents per hour. Contracts in the United States appear to be of longer duration. Only one Canadian settlement covers a period of three years (Canadian Carborundum Company, Ltd. and the Steelworkers, CLC), while fifteen of the contracts in the United States run from three to five years.[1] However, about half of the contracts in each country run at least two years.

Significant Agreements

Monsanto Chemical Company has confirmed wage increases of 11 cents and 14 cents an hour to Chemical Worker locals at two plants in St. Louis, Missouri, and Monsanto, Illinois. Both contracts are for two-year terms and include an additional hourly increase of 8 cents deferred until April, 1957.

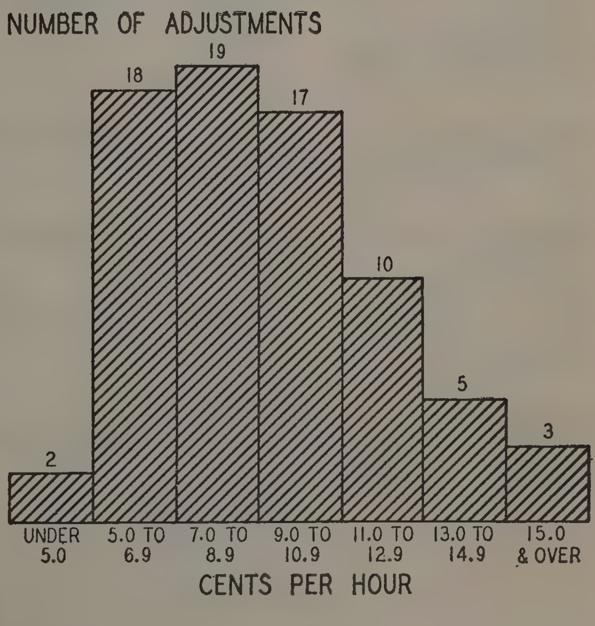
In electrical machinery, the General Electric agreement with UE, ind., follows the pattern of the contract negotiated by this company with IUE several months ago. The new GE package includes wage increases to be given in annual installments of 3% (minimum of 4.5 cents per hour). Skilled trades groups receive additional adjustments of up to 12 cents an hour. Included among the fringe benefits are catastrophe medical insurance, an escalator cost of living arrangement and improved vacation and pension plans. The contract, signed in April and retroactive to September 15, 1955, is for five years. The Westinghouse agreement with the same union calls for substantially similar provisions.

In retail trade, a wage increase of 7.5 cents an hour has been granted by Macy's to 8,000 Retail, Wholesale and Department Store clerks in a settlement concluded after a thirteen-day work stoppage. An additional increase of 7.5 cents is deferred until August, 1957. The three-year pact also calls for a new pension plan, increased sick leave payments and improved health and life insurance.

Wage increases in the textile industry are well above the 7.5-cent average increase reported for the month. Nine thousand Textile Workers have received 6% increases—or, translated into cents per hour, a minimum of 8 cents—from Bates Manufacturing Company, Pepperell Manufacturing Company, and Millville Manufacturing Company. The Celanese Corporation of America, in an agreement with the same union, has increased rates by 10 cents an hour, with an additional 2 cents to skilled trades. Another agreement between

(Text continued on page 232)

Confirmed Wage Adjustments in the United States



[1] See "The Trend to Longer-Term Union Contracts," page 206.

Wage Adjustments Announced Prior to May 15, 1956

Company and Union(s)	Approximate No. and Type of Employees Affected;* Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
Apparel				
Affiliated Dress Manufacturers' Association New York, N. Y. *ILGWU, AFL-CIO*	2,500 WE 4-30-56	$2 per wk.	(1) Health and welfare contribution increased from $3 to $4 per mo. per employee (2) Workweek reduced to 35 hrs.	Result of contract expiration. Contract term—2 yrs.
Bertard Manufacturing Company Lowell, Mass. *ILGWU, AFL-CIO*	100 WE Retroactive to 2-26-56 (signed 3-15-56)	Initial settlement	(1) Hospital and medical benefits (2) Ins. plan (3) Retirement plan	First contract. Contract term—3 yrs.
Dixielou Frocks Henderson, Ky. *ILGWU, AFL-CIO*	80 WE & S 3-1-56	$.07 per hr.—WE; $.05 per hr.—S	(1) Increased ins.—$.16 per mo. per employee (2) Cost of living allowance	Result of contract expiration. Contract term—4 yrs.
Hansen Glove Corporation Clintonville, Wis. *Glove Workers, AFL-CIO*	350 WE 3-1-56	$.15 per hr.	(1) Liberalized vacations (2) Broader provisions on transfers	Result of wage reopening. Contract expires 12-31-56
Horton Garment Company Horton and Atchison, Kan. *ILGWU, AFL-CIO*	71 WE Retroactive to 2-11-56 (signed 3-31-56)	Min. raised to $1 per hr. for 1st 6 mos. of employment, $1.05 per hr. from 7 mos. to 1 yr., $1.10 after 1 yr.	None	Result of contract expiration. Contract term—5 yrs. Wage reopening each year
Popular Priced Manufacturers' Association New York, N. Y. *ILGWU, AFL-CIO*	2,500 WE 4-30-56	$2 per wk.	Health and welfare contribution increased by $1 per mo. per employee	Result of contract expiration. Contract term—2 yrs.
United Better Dress Manufacturers' Association New York, N. Y. *ILGWU, AFL-CIO*	350 WE 4-30-56	$2 per wk. (min. scale $38.50)	(1) Health and welfare contribution increased by $1 per mo. per employee (2) Workweek reduced to 35 hrs. from 37½ hrs.	First contract. Contract term—2 yrs.
Chemicals and Allied Products				
American Potash and Chemical Corporation Trona, Calif. *District 50, UMWA, ind.; Machinists (IAM) and IBEW—both AFL-CIO*	850 WE Retroactive to 11-18-55—UMWA; 10-3-55—IAM; 12-1-55—IBEW (all signed 2-56)	$.137 per hr. av. (range $.11 to $.17 per hr.)	(1) Shift differentials increased to $.06 and $.12 per hr. from $.05 and $.10 (2) Inequity adjustment increases of $.18 per hr. for 2 classifications	Result of wage reopening. Contracts expire 11-56 and 12-56
Cutter Laboratories, Inc. Berkeley, Calif. *Longshoremen and Warehousemen, ind.*	250 WE Retroactive to 10-1-55 (signed 3-2-56)	$.05 per hr., 5-1-56, add'l. $.05 per hr. 1-1-57	None	2-yr. contract, dated 10-1-55, signed 3-2-56, and wage increase eff. 5-1-56
Monsanto Chemical Company J. F. Queeny Plant, St. Louis, Mo. *Chemical Workers, AFL-CIO*	1,600 WE 4-15-56	$.11 per hr., add'l. $.08 per hr. 4-15-57	None	Result of contract expiration. Contract term—2 yrs.
Monsanto Chemical Company W. G. Krummrich Plant Monsanto, Ill. *Chemical Workers, AFL-CIO*	1,600 WE 4-12-56	$.14 per hr., add'l. $.08 per hr. 4-12-57	None	Same as above
Communications				
Illinois Bell Telephone Company Chicago, Ill. *Chicago Telephone Traffic Union, ind.*	5,556 WE & S 3-11-56	$.04 to $.075 per hr.—WE; $2 to $3 per wk.—S	(1) 1 wk.'s vacation after 6 mos. (2) Rate increases thru job reclassification of certain jobs (3) Promotional increases to $3 from $2 for certain clerical jobs	Result of contract expiration. Contract term—15 mos.

Company and Union(s)	Approximate No. and Type of Employees Affected;* Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
[El]ctrical Machinery, Equipment [a]nd Supplies				
[G]eneral Electric Company Interstate *[I]UE, ind.*	14,000 WE 1,200 S Retroactive to 9-15-55 (signed 4-2-56)	3% ($.045 per hr. min.); add'l. 3% each yr. for 4 yrs. Higher-rated day workers get increases ranging from $.005 to $.12 per hr.	(1) Escalator cost of living allowance (2) Increased company contribution to pension plan (3) Improved ins. plan including catastrophe ins. up to $15,000 (4) Increased jury-duty pay and funeral-leave pay (5) Improved vacations for employees with from 10 to 15 yrs.' service	Result of contract expiration. Contract term—5 yrs. Reopening for discussion of SUB after 3 yrs.
Insulating Fabricators of New England, Inc. Watertown, Mass. *IUE, AFL-CIO*	100 WE 4-2-56	5% ($.06 per hr. min.)	(1) Increased vacation benefits (2) 2 days' funeral leave	Result of contract expiration. Contract term—1 yr.
Mica Insulator Company Schenectady, N. Y. *UE, ind.*	480 WE 4-1-56	$.09 per hr. general, $.14 per hr. to skilled trades and crafts	(1) 3 wks.' vacation after 12 yrs. (2) Revised life ins. (3) Jury-duty pay	Result of contract expiration. Contract term—1 yr.
Westinghouse Electric Corp. Pa., N. J., Conn., Ill., Mich., Calif. and Wash. *UE, ind.*	7,850 WE 1,350 S 3-26-56	3% (min. $.05 per hr.); add'l. 3% eff. 10-56 and 10-57; add'l. 3.5% 10-58 and 10-59. Skilled trades adj. up to $.12 per hr.	(1) Pension benefits prior to 1-1-56 increased to $2 per mo. from $1.70 per mo. for each yr. of service. After 1-1-56 increased to $2.25 per mo. for each year of service (2) Employee ins. contribution to be reduced 11-58 (3) Funeral-leave pay (4) Extended vacation for employees with from 10 to 15 yrs.' service (5) New cost of living allowance	Result of wage reopening. Contract expires 10-15-60. Reopening on wage provisions once each yr.
[Fa]bricated Metal Products				
Alco Products Inc. Schenectady, Auburn and Dunkirk, N. Y. *Steelworkers, AFL-CIO*	4,600 WE 1,000 S 3-1-56	$.07 per hr., add'l. $.02 per hr. inequity adj. for Auburn employees—WE; $12.13 per mo.—S	None	Result of wage reopening. Contract expires 2-28-57
Caldwell Manufacturing Co. Rochester, N. Y. *IUE, AFL-CIO*	85 WE 3-16-56	None	Add'l. 2½ days' vacation after 10 yrs.	Result of contract expiration. Contract term—1 yr.
Chase Brass & Copper Co., Inc. Waterbury, Conn. *UAW, AFL-CIO*	3,600 WE Retroactive to 11-16-55 (signed 3-31-56)	$.10 per hr., add'l. $.06 per hr. 11-56, and add'l. $.07 per hr. 11-57	(1) Increased vacation allowance for employees with from 10 to 15 yrs.' service (2) Weekly sickness and accident benefits increased to $40 from $35; max. surgical benefits to $300 from $240; accidental death and dismemberment to $4,000 from $2,000; hospital benefits to $15 per day for 120 days from $12 per day for 70 days. Unlimited extra hospital expense substituted for former limited benefits—all ins. benefits eff. 4-2-56 *(Continued on next page)*	Result of contract expiration. Contract term 3—yrs.

Wage Adjustments Announced Prior to May 15, 1956—Continued

Company and Union(s)	Approximate No. and Type of Employees Affected;* Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
			(3) GM type pension plan with vesting rights eff. 11-15-56; no limit on years of service (4) Escalator cost of living allowance with *BLS* index floor at 114.6	
Pacific Car & Foundry Company Renton, Wash. *Machinists, Boilermakers, Carpenters, Teamsters—all AFL-CIO*	900 WE 4-1-56	5.5%	3 wks.' vacation after 15 yrs.	Result of contract expiration. Contract term—1 yr
Food and Kindred Products				
American Maize-Products Co. Hammond, Ind. *Oil, Chemical and Atomic Workers, AFL-CIO*	700 WE 3-15-56	None	(1) Add'l. $1,500 life ins. (2) 2½ times pay for hols. worked (3) Shift premiums	Result of contract expiration. Contract term—1 yr 9 mos.
General Mills, Inc. Minneapolis, Minn. *Technical Engineers, Operating Engineers—AFL-CIO*	102 WE & S 4-1-56 and 5-1-56	4.5% ($23.22 per mo. av. or $.134 per hr.)—Technical; $.14 per hr.—Operating	*n.a.*	*n.a.*
Fitchburg, Mass. *Teamsters, AFL-CIO*	11 WE 4-4-56	$.08 per hr., add'l. $.07 per hr. 4-4-57	*n.a.*	*n.a.*
Vallejo, Calif. *Office Employees, AFL-CIO*	16 S 4-16-56	$16.56 per mo. ($.0955 per hr.)	*n.a.*	*n.a.*
Planters Manufacturing Co., Inc. Portsmouth, Va. *Woodworkers, AFL-CIO—WE* *No union—S*	400 WE 3-1-56 25 S 1-5-56	21.95%—WE 10%—S	None	Result of contract expiration. Contract term—1 yr. Tandem adj.—S
Quaker Oats Company Memphis, Tenn. *Department Store Union, AFL-CIO*	125 WE Retroactive to 12-1-55 (signed 3-21-56)	$.08 per hr., add'l. $.06 per hr. 11-7-56 and 11-7-57	(1) 4 wks.' vacation after 25 yrs. (2) 7th pd. hol. (3) Noncontributory retirement plan (4) 3 days' funeral leave (5) Cost of living escalator provision	Result of contract expiration. Contract term—3 yrs.
Machinery (except Electrical)				
Fidelity Machine Co. Philadelphia, Pa. *UAW, AFL-CIO*	160 WE 3-1-56 (signed 3-26-56)	$.05 per hr., add'l. $.05 per hr. 9-1-56, 3-1-57 and 9-1-57	(1) 8th pd. hol. (2) Hospital increased to $10 per day from $9 (3) 3 wks.' vacation after 20 yrs.	Result of contract expiration. Contract term—2 yrs.
James Hunter Machine Co. North Adams, Mass. *Textile Workers, AFL-CIO*	130 WE 3-29-56	$.08 per hr., add'l. $.05 per hr. 3-29-57	None	Result of contract expiration. Contract term—2 yrs.
Paper and Allied Products				
Robert Gair, Inc. Martinsville, Va. *Paperworkers, AFL-CIO*	75 WE 4-1-56	$.06 per hr., add'l. $.05 per hr. 4-1-57	(1) 3 wks.' vacation after 10 yrs. (2) Retirement plan installed	Result of contract expiration. Contract term—2 yrs.
Printing and Publishing				
Milprint, Inc. W. DePere, Wis. *Paperworkers, AFL-CIO*	250 WE 4-9-56	$.10 per hr.—females; $.13 per hr.—males; add'l. $.07 per hr. for all employees 4-9-57	None	Result of contract expiration. Contract term—2 yrs.

Company and Union(s)	Approximate No. and Type of Employees Affected;* Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
Pueblo Star-Journal & Chieftain Pueblo, Colo. *Newspaper Guild, AFL-CIO*	65 S 4-1-56	$4 per wk.—reporters and advt. salesmen; $2 to $3.50 per wk.—clerical	None	Result of contract expiration. Contract term—2 yrs. Wage reopening 3-31-57
United Press Associations New York, N. Y. *Newspaper Guild, AFL-CIO*	880 WE & S 3-1-56	$2 to $2.50 per wk., general. New min. wage scale est. (Employee receives either general increase or new wage rate, whichever is higher)	None	Result of wage reopening. Contract expires 3-1-57
ofessional, Scientific and Controlling Instruments				
Harmony Company Chicago, Ill. *Piano and Musical Instrument Workers Union, AFL-CIO*	140 WE 4-2-56	$.08 per hr.	(1) 3 wks.' vacation after 12 yrs. instead of 13 yrs. (2) Cost of living allowance based on Chicago CPI	Result of contract expiration. Contract term—1 yr.
Kay Musical Instrument Co. Chicago, Ill. *Piano and Instrument Workers Union; Carpenters—both AFL-CIO*	130 WE 4-1-56	$.08 per hr., add'l. $.05 per hr. 1957	None	Result of contract expiration. Contract term—2 yrs.
blic Utilities				
Cambridge Electric Light Company Cambridge, Mass. *Utility Workers, AFL-CIO*	159 WE 3-16-56	6% general, add'l. 3.5% 3-16-57	3 wks.' vacation after 10 yrs., 4 wks. after 25 yrs.	Result of contract expiration. Contract term—2 yrs.
Cambridge Gas Company Cambridge, Mass. *District 50, UMWA, ind.*	114 WE 4-1-56	5.5% general, add'l. 3.5% 4-1-57	(1) Shift differentials increased (2) 3 wks.' vacation after 10 yrs. (3) Company - paid Blue Cross and Blue Shield extended to include dependents	Result of contract expiration. Contract term—2 yrs.
Cleveland Electric Illuminating Co. Cleveland, Ohio *Utility Workers, AFL-CIO—WE* *No union—S*	2,500 WE 1,050 S 4-1-56	$.125 per hr.—WE; 4%—S (nonexempt); 5%—S (exempt)	(1) Add'l. pd. hol. (2) Vacation schedule of 1 day for each 2 mos. worked following 1st yr., 2 wks. after 2 yrs., 3 wks. after 12 yrs., 4 wks. after 24 yrs.—WE & S (3) Noncontributory hospital, surgical, and major medical—S	Result of contract expiration. Contract term—2 yrs. Tandem adj.—S
Greenwich Gas Co. Greenwich, Conn. *Utility Workers, AFL-CIO*	75 WE 4-1-56	6% ($.12 per hr. av.); add'l. 3% 4-1-57	(1) Add'l. pd. hol. (2) Noncontributory hospital - medical - surgical benefits (3) 4 wks.' vacation after 25 yrs.	Result of contract expiration. Contract term—2 yrs.
Southern California Gas Co. Los Angeles, Calif. *Utility Workers, AFL-CIO*	3,600 WE 4-1-56	5%	(1) Min. promotion increase advanced to $2 from $1 (2) Helper class upgraded and title changed to utilityman (3) Min. payment for emergency call-out bet. midnight and 6 A.M. increased to 4 hrs. from 2 hrs.	Result of contract expiration. Contract term—1 yr.
Worcester Gas Light Co. Worcester, Mass. *District 50, UMWA, ind.*	355 WE 3-31-56	6% general	None	Result of reopening for wages only

Company and Union(s)	Approximate No. and Type of Employees Affected;* Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
Retail Trade				
J. N. Adams & Co. Buffalo, N. Y. *Retail Clerks, AFL-CIO*	600 WE Retroactive to 2-6-56 (signed 3-14-56)	$.075 per hr. Min. starting rates increased $.05 per hr.	During Xmas rush, regular standard workweek of 37½ hrs. prevails	Result of contract expiration. Contract term—2 yrs
Jordan Marsh Co. Boston, Mass. *Retail Clerks, AFL-CIO*	*n.a.* WE & S 3-1-56	$.05 per hr., add'l. $.035 per hr. 11-1-56—WE; $2 per wk., add'l. $1.50 per wk. 11-1-56—S	None	Result of wage reopening Contract expires 1-31-58
Macy's New York, N. Y., and branch stores *Department Store Union, AFL-CIO*	8,000 WE Retroactive to 2-1-56 (signed 4-21-56)	$.075 per hr., add'l. $.075 per hr. 8-1-57	(1) Liberalized sick benefits (2) Health plan expanded to include semiprivate group ins. (3) Noncontributing $1,000 life ins. 2-1-58 (4) Liberalized pension plan	Result of contract expiration. Contract term—3 yrs
Stone, Clay and Glass Products				
Price Bros. Company Dayton, Ohio *Concrete Products Workers, AFL-CIO*	300 WE 4-5-56	$.07 per hr. to incentive employees; $.10 per hr. to nonincentive; add'l. $.06 per hr. to all employees in 1957	Add'l. half hol. Xmas Eve.	Result of wage reopening. Contract expires 4-1-58
Textile Mill Products				
Bates Manufacturing Company Lewiston, Augusta, and Saco, Me. *Textile Workers, AFL-CIO—WE* *No union—S*	6,000 WE *n.a.* S 4-15-56	6% (min. $.08 per hr.) WE & S	1½ times pay for work on Veterans' Day—WE & S	Result of wage reopening. Contract expires 4-15-58
Celanese Corporation of America Cumberland, Md. *Textile Workers, AFL-CIO*	3,000 WE 4-1-56	$.10 per hr., add'l. $.02 per hr. to skilled trades (cafeteria employees—no increase)	None	Result of conrtact expiration. Contract term—1 yr.
Falls Yarn Mills, Inc. Woonsocket, R. I. *Industrial Trades Union, ind.—WE* *No union—S*	250 WE *n.a.* S 4-15-56	$.12 per hr. WE & S	Blue Cross benefits increased to $14 per day from $11—WE & S	Result of contract expiration. Contract term—1 yr. Tandem adj.—S
Millville Manufacturing Co. Millville, N. J. *Textile Workers, AFL-CIO*	622 WE 139 S 4-16-56	6.5% ($.08 per hr.)—mill employees; 6.5% plus $.07 per hr. (total $.15 per hr.)—bleaching, dyeing and finishing employees; 11%—S	None	Result of contract expiration. Contract term—2 yrs.
Pepperell Manufacturing Company Biddeford and Lewiston, Me. *Textile Workers, AFL-CIO—WE* *No union—S*	2,300 WE 250 S 4-16-56	6.5%—WE & S	Restoration of 1½ times pay for 2 hols. if worked—WE	Result of wage reopening. Contract expires 4-15-57. Tandem adj.—S
Tobacco Products				
Brown & Williamson Tobacco Corp. Louisville, Ky.; Petersburg, Va.; Winston-Salem, N. C. *Tobacco Workers, AFL-CIO*	5,000 WE 4-1-56	6%	3 wks.' vacation after 15 yrs.	Result of contract expiration. Contract term—3 yrs. Wage reopenings on anniversary dates

Company and Union(s)	Approximate No. and Type of Employees Affected;* Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
[Tra]nsportation				
Baltimore Transit Company Baltimore, Md. *Motor Coach Employees, AFL-CIO*	2,000 WE 200 S Retroactive to 3-7-56 (signed 4-25-56)	$.10 per hr., add'l. $.05 per hr. 1957 and 1958—WE; $4 per wk., add'l. $2 per wk., 1957 and 1958—S	(1) Vacations liberalized commencing 1-1-57—WE & S (2) Max. of 3 days' sick-leave pay after 3-day waiting period. Commencing 1957, 2 days' sick leave each yr. with sick leave cumulative up to 7 days—WE	Result of contract expiration. Contract term—30 mos.
Milwaukee & Suburban Transport Corp. Milwaukee, Wis. *Motor Coach Employees, AFL-CIO*	2,250 WE 4-1-56	$.07 per hr., add'l. $.03 per hr. 10-1-56; add'l. $.06 per hr. 4-1-57	(1) 4 wks.' vacation after 20 yrs. instead of 25 (2) Add'l. payment of $.025 per hr. into pension trust fund	Result of contract expiration. Contract term—2 yrs.
North American Aviation, Inc. Los Angeles and Fresno, Calif.; Columbus, Ohio *UAW, AFL-CIO—WE* *No union—S*	35,000 WE 16,100 S 3-19-56	$.10 per hr. av., on base rates; add'l. 3% (min. $.07 per hr.) 1957—WE & S	(1) Shift premium increased to $.12 per hr. from $.08 (2) 3 wks.' vacation after 12 yrs. instead of 15 yrs. (3) Jury-duty pay (4) Company paid medical ins. up to $5,000 added to group ins. package (5) Company paid accident ins. up to $300 for employees and dependents	Result of contract expiration. Contract term—2 yrs.—WE. Tandem adj.—S
Western Air Lines, Inc. Rocky Mountain and Pacific Coast area *Railway and Steamship Clerks, AFL-CIO*	850 WE & S Retroactive to 3-11-56	Ranging from $19 per mo. ($.11 per hr.) to $34 per mo. ($.195 per hr.)	*n.a.*	Result of National Mediation Agreement. Contract term—21 mos.
[Tra]nsportation Equipment				
Douglas Aircraft Company, Inc. Santa Monica, El Segundo, and Long Beach, Calif. *Southern California Professional Engineering Association (Technical Employees), ind.*	1,079 WE Retroactive to 1-2-56 (signed 4-16-56)	Ranging from $.09 to $.15 per hr., add'l. $.07 per hr. 1957	(1) Shift premium increased to $.12 per hr. from $.08 (2) Add'l. vacation benefits after 12 yrs. instead of 15 (3) Jury-duty pay (4) Initial noncontributory pension plan for hourly employees	Result of contract expiration. Contract term—2 yrs.
Long Beach, Calif.; Tucson, Ariz., and Tulsa, Okla. *UAW, AFL-CIO*	27,633 WE Retroactive to 3-19-56	$.11 per hr. av., add'l. $.07 per hr. 1957	Same as above	Same as above
[M]iscellaneous				
Blocksom and Company Michigan City, Ind. *Upholsterers, AFL-CIO*	340 WE Retroactive to 10-3-55	$.05 per hr., general, add'l. $.05 per hr. 1-1-57	Pension plan est. beginning 7-1-56, subject to approval. If not approved, contract to be reopened for wages	Result of contract expiration. Contract term—2 yrs.
Johns-Manville Products Corp. Waukegan, Ill. *Chemical Workers, AFL-CIO*	1,982 WE Retroactive to 3-26-56	7%	4 wks.' vacation after 25 yrs.	Result of contract expiration. Contract term—1 yr.
Milton Bradley Company Springfield, Mass. *Milton Bradley Industrial Union, AFL-CIO*	*n.a.* WE 4-2-56	$.05 per hr., day rate; 5%, incentive rate	(1) 3 days' funeral leave (2) Sick and hospital benefits. (3) Group ins. plan	Result of contract expiration. Contract term—1 yr.
Union Casualty & Life Insurance Company Mount Vernon, N. Y. *Office Employees, AFL-CIO*	70 S Retroactive to 1-1-56 (signed 4-12-56)	$3 per wk., av.	Up to 3 days' funeral leave on death in immediate family	Result of contract expiration. Contract term—3 yrs. Wage reopening upon significant rise or fall in cost of living

Company and Union(s)	Approximate No. and Type of Employees Affected;* Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
CANADIAN ADJUSTMENTS				
Chemicals and Allied Products				
Montreal Coke & Manufacturing Company Montreal, Que. *Chemical Workers, CLC—WE* *No union—S*	354 WE 116 S 12-55	$.08 per hr.—WE; $15 per mo.—S (cost of living bonus of $.025 per hr. discontinued)	None	Result of wage reopenin[g]. Contract expires 11-1-5[ ]. Tandem adj.—S
The Sherwin-Williams Co. of Canada, Limited Montreal, Que. *Chemical Workers, CLC*	400 WE 1-56	3%, add'l. 4% 1957	(1) Pay for hols. worked increased from straight time to 1½ times (2) Overtime pay provision liberalized for Sat. work in mechanical dept. (3) Paid lunch period provided during emergency work (4) Lunch allowance increased to $.90 from $.65 (5) Revised annual vacation provisions	Result of contract expira[tion]. Contract term—2 yr[s].
Electric Machinery, Equipment and Supplies				
Canada Wire & Cable Company Toronto, Ont. *United Electrical Workers, ind.*	1,320 WE Retroactive to 12-55 (signed 1-56)	4% ($.065 per hr., av.)	Contributory surgical plan liberalized to include pay for physicians' fees	Result of contract expira[tion]. Contract term—1 yr[.]
Fabricated Metal Products				
Anaconda American Brass, Ltd. New Toronto, Ont. *UAW, CLC*	1,100 WE 1-56	$.10 per hr. general, add'l. $.06 per hr. 1957, special increase to apprentices av. $.07 per hr.	(1) Increase in surgical and hosp. plans to be company paid (2) Weekly sick benefit increased to $35 from $30 (3) Period of automatic progression reduced	Result of contract expira[tion]. Contract term—2 yrs[.]
Chatco Steel Products Ltd. Tilbury, Ont. *UAW, CLC—WE* *No union—S*	450 WE 120 S 1-56 (signed 3-56)	$.095 per hr.—WE (increases to salaried group varies according to job review)	Liberalized vacations	Result of contract expira[tion]. Contract term—1 yr. Tandem adj.—S
B. Greening Wire Company, Limited Hamilton, Ont. *Steelworkers, CLC*	480 WE Retroactive to 10-55 (signed 3-56)	$.03 per hr.—general; $.025 per hr.—incentive; $.03 per hr. — nonincentive, both 3-56. Establishment of standard hourly wage scale.	*n.a.*	Result of contract expiration. Contract term—1 yr
N. Slater Company, Limited Hamilton, Ont. *Steelworkers, CLC*	360 WE 2-56	$.07 per hr., add'l. $.05 per hr. 4-57	*n.a.*	Result of contract expiration. Contract term—2 yrs.
Sorel Industries Limited Longueuil, Que. *Steelworkers, CLC*	194 WE Retroactive to 6-55 (signed 3-56)	$.05 per hr.	None	Result of contract expiration. Contract term—1 yr.
Stanley Works of Canada Hamilton, Ont. *Steelworkers, CLC*	190 WE 1-56	$.07 per hr.	None	Result of contract expiration. Contract term—1 yr.
Steel Company of Canada Ltd. Toronto, Ont. *Steelworkers, CLC*	325 WE Retroactive to 5-55 (signed 1-56)	$.13 per hr. av.	Pay for hols. worked increased from straight time to 1½ times	Result of contract expiration. Contract term—1 yr.

Company and Union(s)	Approximate No. and Type of Employees Affected;* Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
d and Allied Products				
eneral Mills, Inc. Toronto, Ont. *rain Millers, CLC*	100 WE 3-56	$.07 per hr.	*n.a.*	*n.a.*
oyal Oak Dairy Limited Hamilton, Ont. *epartment Store Union, CLC*	140 WE Retroactive to 11-55 and 12-55 (signed 3-56)	$2 per wk.—salesmen, 12-55 $3 per wk.—plant workers 11-55. Add'l. $1 per wk. general—11-56	(1) Company contribution to hospital increased to 75% from 50% (2) Liberalized group ins. (3) Liberalized overtime payments, vacation allowance, and funeral leave	Result of contract expiration. Contract term—2 yrs.
al Mining				
ldorado Mining and Refining imited Beaverlodge, Sask. *Mine, Mill and Smelter Workers, nd.*	415 WE 1-56	$.18 to $.25 per hr.	25% increase in life ins.	Result of contract expiration. Contract term—1 yr.
pper Canada Mines Limited Dobie, Ont. *teelworkers, CLC*	190 WE 4-56	Approx. .09% increase in wages to provide a 44-hr. wk. with same take home pay	None	Result of contract expiration. Contract term—2 yrs.
oleum and Coal Products				
ritish American Oil Company imited Toronto, Ont. *il, Chemical and Atomic Workers, LC*	150 WE 2-56	6.5%	None	Result of contract expiration. Contract term—1 yr.
mperial Oil Limited Montreal, Que. *oint Industrial Council, ind.*	13,000 WE & S 2-56	6.5% ($.10 to $.16 per hr.—WE; $10 to $40 per mo.—S)	*n.a.*	Result of contract expiration. Contract term—1 yr.
lic Utilities				
Vindsor Utilities Commission Windsor, Ont. *BEW, CLC*	200 WE 1-56	$.07 per hr.	None	Result of contract expiration. Contract term—2 yrs.
ber and Rubber Products				
irestone Tire & Rubber Co. f Canada Ltd. Hamilton, Ont. *Jnited Rubber Workers, CLC* *No union—S*	1,700 WE & S 2-56 (signed 3-56)	$.093 per hr. av.—WE; 5.4%—S ($14 per mo. min.)	9th paid hol.—WE	Result of contract expiration. Contract term—1 yr. Tandem adj.—S
ne, Clay and Glass Products				
Canadian Carborundum Co., Ltd. Niagara Falls, Ont. *Steelworkers, CLC—WE* *No union—S*	430 WE & S 1-56	$.12 per hr. av., add'l. $.04 per hr. in 1957 and 1958, add'l. $.005 increase bet. wage grades—WE; 5%—S	(1) Sick benefits increased to $40 per wk. for 26 wks. from $35 per wk. for 13 wks.—WE & S (2) Noncontributory pension plan est.—WE	Result of contract expiration. Contract term—3 yrs. Tandem adj.—S
Canadian Johns-Manville Company, Limited Asbestos, Que. *Syndicate National del 'Amiante l'Asbestos Inc.; and La Federation Nationale des Employes del 'Industrie Miniere, Inc., CTCC*	2,407 WE 2-56	5% ($.10 per hr., approx.)	(1) Improved contributory Blue Cross plan (2) 3 wks.' vacation after 15 yrs. instead of 20, 4 wks.' vacation after 25 yrs.	Result of contract expiration. Contract term—2 yrs.

Company and Union(s)	Approximate No. and Type of Employees Affected;* Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
Textile Mill Products				
Paton Manufacturing Co., Ltd. Sherbrooke, Que. *L'Association Nationale des Employees de la Paton de Sherbrooke, Inc.*	400 WE 2-56	1.12%	Company contribution to ins. fund increased to $1.35 from $1	Result of contract expi[...] tion. Contract expires 11-[...]
Plymouth Cordage Company of Canada Ltd. Dartmouth, N. S. *Textile Workers, CLC*	55 WE 11 S Retroactive to 9-55—WE; Eff. 3-56—S (signed 2-56)	$.06 per hr.—WE; 6%—S	None	Result of contract expi[...] tion. Contract term—18 m[...]
Transportation				
Canadian Pacific Airlines Vancouver, B. C. *Flight Attendants Assn., ind.*	75 S Retroactive to 3-55 (signed 2-56)	$7 across the board, add'l. 2% as of 3-56	None	Result of contract expir[...] tion. Contract term—20 m[...]
Transportation Equipment				
Studebaker-Packard of Canada, Limited Hamilton, Ont. *UAW, CLC*	525 WE 3-56	$.06 per hr.—Prod.; $.04 to $.15 per hr.—skilled trades; add'l. $.06 per hr. 1957, general	(1) Life ins. increased to $4,000 from $2,500 (2) 6.25% of annual earnings as vacation pay for 10 or more yrs.' service (3) Pension increased to $2.65 per yr. of service from $1.50 per yr.	Result of contract expir[...] tion. Contract term—2 yr[...] 9 mos.
Miscellaneous				
City Hall Vancouver, B. C. *Vancouver Civic Employees, CLC —WE* *City Employees, CLC—S*	1,200 WE 900 S 1-56	$.05 per hr.—WE; 2% (min. $7 per mo.)—S	Sick pay from the 1st day instead of 4th day when illness lasts min. of 6 days	Result of contract expir[...] tion. Contract term—1 y[...]
City Hall Hamilton, Ont. *Operating Engineers, CLC*	100 WE 1-56	$.06 per hr., add'l. $.03 per hr. 7-56	City's contribution to medical plan increased to 50% from 40%	Result of contract expir[...] tion. Contract term—2 yr[...]
City Hall Montreal, Que. *Municipal Employees, CLC*	5,000 WE Retroactive to 12-55	$.05 per hr., 10% add'l. 5-56 after which a flat $.05 is added	In most cases workwk. reduced from 44 and 48 to 40 hrs.	Result of contract expir[...] tion. Contract term—2 yr[...]
Vancouver General Hospital Vancouver, B. C. *Hospital Employees, CLC*	1,250 WE 1-56	$.03 per hr., add'l. $.02 per hr. 1957	Contributory medical-aid plan	Result of wage reopenin[...] Contract expires 12-57

*WE, wage earner; S, salaried personnel; *n.a.*, not available.
**Fringe benefits include all benefits received by workers at a cost to employers.

(Text continued from page 223)

Fall Yarn Mills, Inc., and the Industrial Trades Union, ind., calls for a 12-cent hourly boost.

Canadian Settlements

Among the Canadian settlements, seven in the fabricated metals industry grant increases ranging from 3 cents to 13 cents an hour. One of these companies, the Anaconda American Brass, Limited, in a settlement with 1,100 UAW employees, has granted an initial 10-cent hourly boost with an additional 6-cent increase to become effective in 1957. Fringe benefits in the two-year contract include increased company contributions to surgical and hospital plans, increased sick benefits and more rapid automatic progressions. The Eldorado Mining and Refining Limited, in an agreement with the Mine, Mill and Smelter Workers, ind., has increased hourly rates by 18 cents to 25 cents and also has provided a 25% increase in life insurance.

Canadian Johns-Manville Company in an agreement with 2,400 employees in Asbestos, Quebec, has granted an hourly increase of approximately 10 cents. The two-year contract also provides for an improved vacation allowance and an improved contributory Blue Cross plan.

The 127 settlements tabulated for this period affect more than 300,000 wage and salaried employees in the United States and Canada. Details of most of these are shown in the table beginning on page 224.

Mitchell Meyer
N. Beatrice Worthy
Statistical Division

Studies in Business Policy

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No. 50—Military Inspection in Industry

In the June Business Record

Third-Quarter Pivot—While there are many elements of assurance in business conditions, some developments suggest an approaching recession rather than continuation of the "rolling readjustment" to which we have become accustomed. Out of the rambling currents of the summer may come a positive trend for fall. The situation on the eve of summer is discussed in this month's "Business Highlights."

Inventory Trends—In most weighings of the second-half outlook, inventory policy appears as a potential weakness rather than a strength. Just the same, many of the inventory relationships are more favorable than they were in early 1953, "a period which preceded a significant downtrend in business activity."

Purchasing Department Practices—The article discusses current organization in the purchasing field. Advantages of centralization and decentralization of the buying department and the difficult problem of measuring purchasing efficiency and effectiveness are also covered.

Series on Productivity—Despite all the ink that has flowed, there is a lot yet to be learned about productivity. For those who have read the article in the June issue of **Management Record** and would like to pursue the subject further, we recommend the productivity articles in the February and April **Business Records.**

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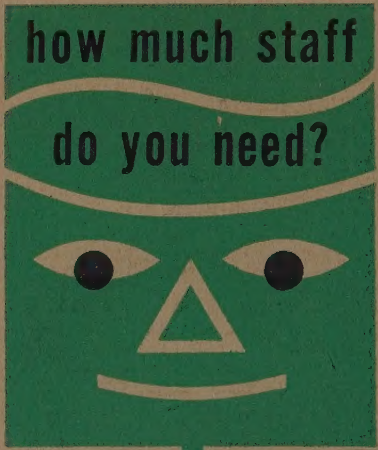

As most of us know, it's the line organization that carries out a company's major objectives—whether it is the production of bottle tops or advertising copy. But, sooner or later, unless a company remains a very small business indeed, the line organization needs staff assistance. This may be in the form of technical advice or special services, or both.

The question then is, *how much* staff? Sometimes, when a company has grown very fast, it takes on many staff people, without first determining what the actual needs of the organization are. The result is inefficiency or worse. The other side of the coin is too few staff members, which can overburden line people and leave them without the advice and services they need.

It would be easier for everybody concerned if careful research had revealed a simple ratio to follow. But no such ratio exists. In THE CONFERENCE BOARD's new study, "Improving Staff and Line Relationships," a full chapter is devoted to this problem.

This new report is the first in a series on company organization. As the title implies, line and staff concepts and relationships are explored in detail, with examples taken from many companies. "Improving Staff and Line Relationships" was mailed to Associates last week.

Improving Staff and Line Relationships

Studies in Personnel Policy, No. 153